THE
TICKER
AND
INVESTMENT DIGEST

Investment: The placing of capital in a more or less permanent way, mainly for the income to be derived therefrom. | Speculation: Operations wherein intelligent foresight is employed for the purpose of deriving a profit from price changes.

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Safe Mining Stocks

A Class of Copper Stocks Having Real Investment Features.

By F. CLARK THOMPSON

THE chief considerations affecting the market price of a stock are intrinsic value and earning power. Market, money, trade or industrial conditions may put prices temporarily out of relation to values, but over a long period of time each stock will seek its proper level as determined by these two factors. They should be properly balanced in a stock chosen for investment*; for on the one hand, assets alone do not pay dividends, and on the other, stocks of large earning power, when earnings fall off for some reason or other, will be found to possess greater stability in market price if backed up by property having a reasonable relation to market value.

Mining stocks have not, in the past, been popular with investors or those wishing to observe some conservatism in their speculative ventures for two very good reasons:—First, the relatively small number of prospects that have ever made good and, second, the ever-present possibility of resources becoming exhausted, resulting in a cessation of dividends and a total loss of principal.

As far as the first of these reasons is concerned, it is to be regretted that the exploitation of "wild cats" has been responsible for a prejudice against securities representing so large and important a branch of our national activity as the mining industry, but no sympathy is due those who have lost money by buying, without investigation, mining shares "touted" by irresponsible mining sharks. Their cupidity overcame their judgment and in trying to get something for nothing, they were handed—just what you could reasonably expect. In addition to rank "wild cats" many prospects backed by responsible people have failed utterly.

* The word "investment" in this article is used in the sense of "speculative investment," for obviously the word in its strictest sense could not be used to include copper or other industrial stocks. Some authorities put under that head only the highest grade of bonds.

As to the second of these reasons, it can be readily seen that the trouble has been that the stocks have, to a large degree, possessed earning power (which has been mentioned as a requisite in a well-chosen investment), but have been without what has been shown to be equally necessary—proper assets, which in these cases should be represented by adequate ore reserves. One factor alone has had too great a part in determining market price.

In buying a mining stock, therefore, the value and extent of ore reserves should receive very careful attention, no matter how high may be current earnings or dividends. The doubt as to permanency of reserves is responsible for one well-known gold stock selling at the present time to net over 25%, and a prominent silver stock selling at a price that returns about 30%.

In any mine the possibilities in the direction of blocking out reserves depend altogether upon the character of the deposit, *i. e.*, whether it is in the form of a vein, chimney or lens or occurs as a disseminated ore body. If it is a vein mine, which term will be used in this article to designate the first-mentioned class, it is difficult to tell even approximately how long the mine will last; and in most cases to block out extensive reserves, ahead of production, due usually to the expense of maintenance. Vein mines are responsible for many unpleasant surprises to investors.

A case in point is of very recent occurrence. A well-known copper mine in 1906 produced 18,500,000 lbs. of copper, at a cost of less than five cents per pound, was rated as a wonderful property and the stock advanced to nearly $80 a share. In one year, it paid out $7.00 a share in dividends To-day the stock is selling around $12.00 a share and the outlook is so bad that it has been stated, upon good authority, that the net values in the mine are probably not in excess of fifty cents a share and that there is little hope of developing more ore. Hopes that the situation is not so bad as reported have alone prevented a total collapse of the issue.

Now the situation was simply this: When the stock sold at the high figures there was in advance of production, a few years supply of ore and as the management for a period was able to keep the amount of blocked out ore practically fixed in amount, it was assumed that they could continue to do so. What was lacking was the *certainty* that production could be maintained and unfortunately, this proved to be the shareholders' undoing.

This stock illustrates very clearly the reason why vein coppers have, in the past, been considered highly speculative and have never been rated as investment stocks, no matter what dividends they have paid.

However, a class of copper stocks has appeared upon the market in the last few years that can justify a claim to be rated as investments—speculative investments—but nevertheless investments. Before 1904, the possibilities in the large low grade copper deposits at Garfield; Utah, averaging 1.99%, began to attract attention. Mr. D. C. Jackling, of Salt Lake City, was the pioneer in this field. The belief was held by Mr. Jackling, backed up by competent mining men, and afterwards conclusively proved by tests, that this ore could be treated at a profit. And it was seen that if this ore could be successfully worked, copper mining would be revolutionized; for apparently a solid mountain of disseminated copper ore was on the property and enough ore to last for many years could be definitely blocked out before a pound of copper was produced.

The idea that this low grade ore could be treated at a profit was scouted by engineers whose experience had been confined to ore in the vein properties averaging in some cases 6% or 7% and running as high as 35 or 50% copper. Nevertheless, millions were spent on equipment and in putting the property in shape for production, and the first copper was produced in 1905. It need only be said that the Utah Copper Company is now paying dividends at the rate of 30% per annum, and earned during 1910 over 40%, to show clearly that this property has proved successful.

What distinguishes this property from the vein mines is the fact that ore could be blocked out to such a large extent.

Utah Copper has blocked out to-day, over 100,000,000 tons, with excellent possibilities of blocking out still larger quantities. The raw material is there in almost limitless abundance and it only remains for the company to turn it into the finished product—refined copper. The Utah Copper Company is then not merely a mining company (for a search for new ore need not be continually kept up and mining is only an incident in its operations), but a manufacturing enterprise. Industrial securities are defined as "securities issued by manufacturing companies" and under this definition Utah Copper stock can be rated as an Industrial.

The buyer of Utah and stocks of the same type is not gambling in coppers, but investing in industrials. And if it is permitted to so classify these issues, it can be pointed out that their assets are more valuable and their earnings subject to fewer adverse influences than many industrials rated heretofore, and rightly so, as much more substantial than coppers of the kind with which the public is most familiar. The assets back of many industrials are made up to a large degree of such intangible property as good-will and of plants and equipment practically worthless unless in successful operation; while each share of stock in such copper companies as those under discussion has back of it commercially profitable ore representing a definite amount of the red metal for which there is always a market.

Then in these manufacturing enterprises, the cost of the raw material is practically fixed; the product is always afforded a ready market; the shareholder need have no concern as to changes in the tariff, nor need he worry as to the possibility of adverse legislation or "trust-busting" actions at law disturbing his equity or his income. There is practically but one thing that can have any important bearing on earnings and that is the price of copper metal. The situation is much simpler than is the case with many other manufacturing propositions. To give a few concrete illustrations:

The National Lead directors recently reduced the dividend on the common stock because profits had been reduced through a rise in the price of linseed oil. Few holders of National Lead common had realized the important relation between their dividends and the price of that commodity.

Holders of American Woolen securities are concerned as to whether Congress will revise the woolen schedule and as to how a revision will affect their interests.

Stockholders in express companies fear the parcels post.

Investments in American Tobacco securities and Standard Oil stock should not be made without due regard to the results that might follow an adverse decision in the cases before the Supreme Court, and the owners of other "trust" shares are having anxious moments as the time for the final rendering of the decisions approaches.

The business of companies manufacturing railroad equipment fluctuates constantly from one extreme to the other and for long periods practically no market for their products can be found.

As the "porphyries" (the term which is used to refer to these companies as well as their ore and their stock) can produce copper at a profit at any price at which the metal is likely to sell even under the worst possible conditions, it must be conceded that the stockholder in such properties has little to worry him.

The so-called porphyry is a disseminated ore, the fine particles of copper sulphide being distributed through the rock. This rock has been subjected to the leaching action of water and in the course of time the percolating waters have dissolved the copper-bearing minerals near the surface, redepositing the copper at depth and forming a well-defined zone of secondary enrichment.

In this way, in an ore body which had originally a copper content of even less than one-half of one per cent., a blanket of secondary enrichment is formed, both above and below which the copper content of the rock is too low to be of any commercial value, but in which the ore may run from 1¾ to as high as 3 per cent. This may take place in true porphyry, as in the Ely and Garfield camps, or in schist, as in the Globe camp. However,

the term porphyry is commonly used to denote all disseminated ore bodies. The leading porphyry stocks are Utah Copper, Nevada Consolidated, Ray Consolidated, Miami, Inspiration and Chino.

In developing these properties, the territory is first plotted out into squares of 100 or 200 feet and drill holes are sunk at the points of intersection. These drills show at once whether any ore lies under that particular section of the property and show also the thickness and grade of the ore. In this way, in the course of a few months the value of the property can be determined with a reasonable degree of accuracy. In a successful proposition, after the drills have determined the thickness of the ore, the percentage of copper it contains, and the lateral extent of the ore body, the management is in a position to proceed with confidence to the erection of their manufacturing plant and capital can readily be enlisted for the purpose. In the meantime by means of shafts, tunnels, crosscuts, drifts, winzes and raises, the ore is blocked out on three sides, and checked against the results of drilling. In the case of the leading porphyry mines, actual underground development has proven conclusively the accuracy of previous estimates from drill-work in every important case.

More economical methods of mining disseminated ore bodies have been possible than ever could have been applied to the extraction of ore from a vein mine. In the open cut or steam shovel method, to which the Nevada Consolidated and Utah Copper ore bodies have been susceptible and which can be applied also to a portion of the Chino and Inspiration properties, tracks are laid, steam shovels are set to work and the overburden or worthless rock is removed and carried away. This exposes the ore body and the ore is blasted out, picked up by the steam shovels, dumped directly into railroad cars and carried to the concentrating mill by rail at a mining cost which is, in the case of Nevada Consolidated and Utah Copper companies, about 30 cents a ton (allowing for overburden), as compared with mining costs of six or seven times that figure in some of the vein properties. One of the most important points in connection with Chino, which within the last year has risen from about $5 a share to $25 a share on the New York Curb, is the fact that more than 75 per cent. of its territory is susceptible to steam shovel methods of mining.

At the mill the ore is crushed and the force of gravity assisted by highly perfected concentrating machinery is used to eliminate a large part of the worthless material. The resulting "concentrates" may contain from 10 to 15 times the percentage of copper present in the ore. The concentrates are smelted and the resulting "matte" is blown up into "blister copper" by Bessemer converters. This is shipped East and refined by the process of electrolysis and the gold and silver contents recovered. The result is electrolytic copper which is almost 100 per cent. pure.

Despite the low grade of the ore and the many operations to which it is subjected, costs are actually lower than in the vein mines. In the Butte district, where the Amalgamated properties are located, costs have until recently never been much if any less than 10½ cents—although, as a result of economies effected in the last year or two, it is stated that copper is now laid down at New York at a cost of less than 10 cents per pound. For the Butte district this is very low. Costs at the native copper mines of the Lake Superior district run from 7 to 8 cents to as high as 20 cents.

Utah Copper costs during the last year have been about 8 cents a pound, and costs at Nevada have been around 7 cents—though the low cost in this case is to a considerable extent the reduction, profits arising from the Nevada Northern Railroad, which the Nevada Consolidated Copper Company owns. It is figured by engineers, that most of the porphyries now in the process of development, will produce copper at a cost of not over 9 cents.

The importance of these new developments to investors in mining stocks can scarcely be overestimated. In a word, these methods change mining from a gamble to a legitimate investment, on a par with our best common industrial stocks.

The owner of stock in a vein mine is always, to a greater or less extent, betting that there is more ore in his mine. A mining company has usually very little property which would be of value if the ore gave out. It is simply engaged in taking out ore, smelting it, selling the product and paying the money over to stockholders as dividends. If the ore gives out, the dividends stop and there is little if any value left.

But the stockholder in a porphyry copper mine can know very closely how much ore his company owns. It has all been surveyed, measured and calculated. He is buying a certainty, and this puts him on a very solid footing.

"Conservative" Houses.

By CHARLES BENEDICT.

NEARLY every house in Wall Street prides itself on being "conservative." The term is badly overworked and much misunderstood, and the majority who use it do not even know what it means. They think they know, but as a matter of fact they claim conservatism because everybody else does and they think it will help their financial standing. At any rate, it caters to their sense of dignity.

I'll tell you what they mean when they puff out their chests, place their thumbs in the arm-holes of a fancy vest and say, "We are a conservative house!" They mean that they are antediluvian in their methods; that you can't get a new idea into their heads with anything less pointed than a pickaxe; that a microscopic analysis would reveal scarcely a trace of enterprise; that they never step an inch out of the beaten path—that "shady" lane trod by their noble and illustrious forefathers. And why should they, indeed? Didn't their ancestors about a hundred years ago rake in the shekels on these same methods?

This of course means everybody else but you, dear reader, in case you happen to be "conservative" yourself, for it is your exception that proves the rule. However, if the shoe fits, put it on—don't hesitate on our account.

In these days when brokerage houses are discharging clerks, dissolving partnerships, bewailing dull business, and spending their days and nights in devising schemes for reducing expenses, a few houses—and it won't take more than the fingers of one hand to count them—who make no claim to conservatism, but who merely aim to be enterprising, are actually building up their clientele. Some of these houses are employing quite a number of the discharged clerks. At any rate, their list of customers, instead of shrinking, is expanding; and all because they go out after business instead of sitting with their feet cocked up on the desk waiting for it to drop into their laps.

Perhaps you think these houses are among the weaker class of brokerage institutions. You are wrong, for at the moment I am thinking of some of the largest houses in the Street, who are spending real money and building up their clientele.

Conservatism in the correct sense is synonymous with safety. It means protecting clients against bad investments; placing at their disposal the latest and most reliable information obtainable, so that they can act intelligently, giving service of the highest order and utmost value to their clients—in a word, working for the interest of their patrons, and last, but not least by any means, handling their business in such a way that they are always in a financially strong position. Conservatism means being safe and reliable, but not necessarily sound asleep.

Take it to heart. This is a story with a moral—

BE ENTERPRISING AS WELL AS CONSERVATIVE.

What Makes the Market?

Article IV—Bank Credits and Stock Prices in a Panic Period

By G. C. SELDEN

WE have discussed the effect of bank credits on stock prices for the years 1902-1910. Taken as a whole, those years covered a period of prosperity. Even the sharp financial stringency of 1907 administered only a brief check to business activity. Nothing occurred during those years which bore any real resemblance to the long decline in the stock market which began in 1890 and ended with 1896.

As we endeavored to show in the first article of this series, the most important of the conditions affecting credit, stock prices and commodity prices show a decided tendency to repeat themselves at reasonably regular intervals. Political and other conditions may vary widely and the details of the credit and stock market situation will of course be different in any two periods; but there appear to be certain broad general principles working underneath all these surface indications, which operate in about the same way over and over again.

It is likely that we shall again encounter stock market and credit conditions substantially similar to those of 1890 to 1896—though probably less severe, as it does seem scarcely credible that we should ever have to go through another fight for "sound money." It is, therefore, important to see whether the same general principles apply during such a period as 1890-1896 that we found to apply during 1902-1910.

The diagram herewith is constructed on the same plan as that in the last article, showing the per cent. of loans to deposits of all national banks, the per cent. of cash to deposits, and the average price of twenty standard rails.

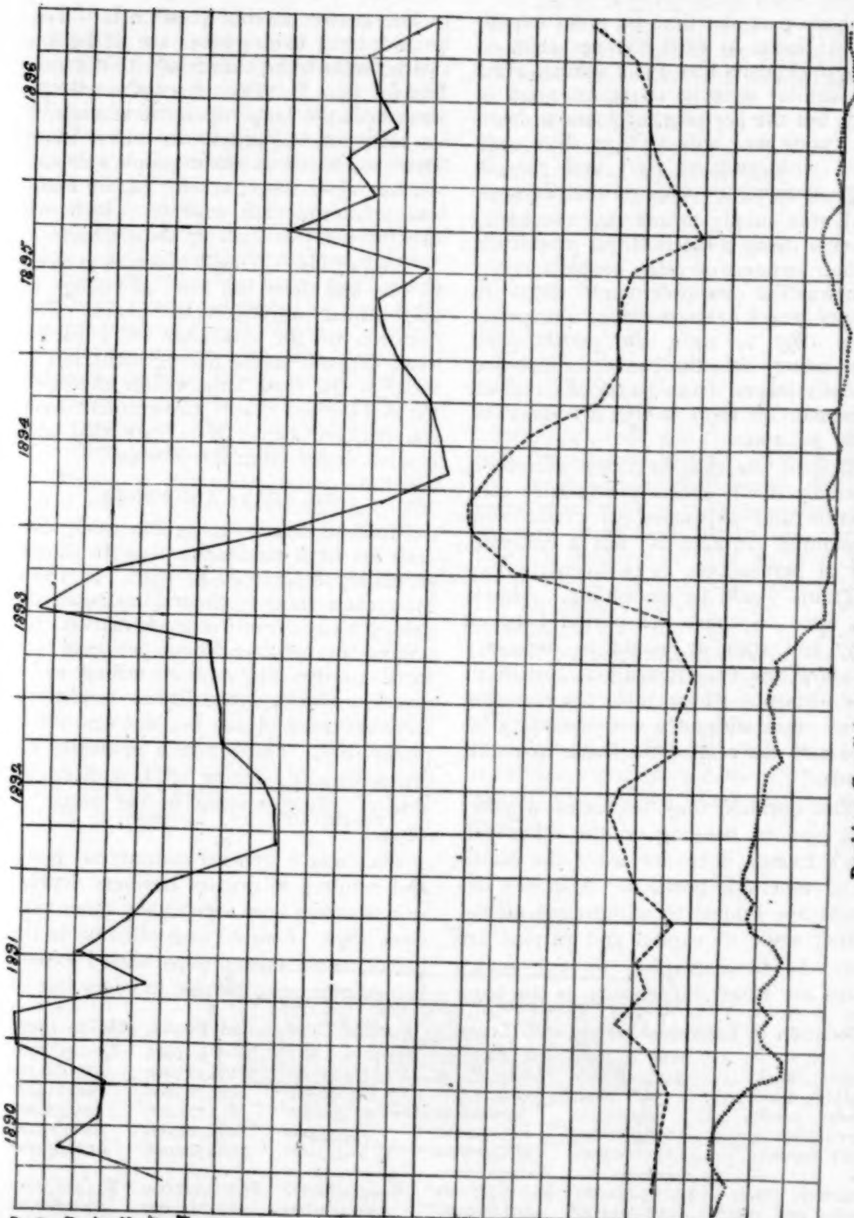
A comparison, however, shows at once a very notable difference between the two diagrams. The per cent. of loans to deposits in the later period varied between 101 and 111; in the earlier period it swung from 115 to 130. The lowest point of this line on the diagram herewith is higher than the highest point on the preceding diagram. It is necessary to discover the reason of this before we can proceed to draw any further conclusions. Why were loans in 1890-1896 so much larger in proportion to deposits than during the years 1902-1910?

A GREAT CHANGE IN BANKING.

First, we must remember that the loanable funds of a bank include not only its deposits, but also its other available resources. Roughly speaking, the bank may loan out not only the money deposited with it by business men, but also its capital, surplus, undivided profits, and its issue of currency, or circulation, as it is commonly called.

A table herewith shows these several items for certain dates selected with a view to giving the extremes of loan expansion and contraction and bringing out the general tendency. March, 1886, represents a contracted condition of loans corresponding fairly well with November, 1905, while February, 1891, September, 1903, and December, 1907, were all times of great loan expansion.

It will be seen that although the per cent. of loans to deposits in 1886 was 118.9 against only 100.7 in 1905, the per cent. of loans to loanable funds in 1886 was 63.5 compared with 68.8 in 1905. This was because the deposits had jumped from a little over $1,000,000,000 in 1886 to almost $4,000,000,000 in 1905, while the other items of the banks' loanable funds had only about doubled. The banks' loans formed a greater proportion of their total loanable funds at the later date than at the earlier, but these same loans constituted a smaller



Banking Conditions and Stock Prices, 1890-1896.

—— Per cent. of Loans to Deposits, All National Banks. ....Per cent. of Cash to Deposits. .... Average Price 20 Railroad Stocks.

proportion of the deposits, because the deposits were so much larger.

Likewise at the time of great expansion of loans in 1891 the per cent. of loans to deposits was 130.2 against 111.2 at a similar time in 1903 and 110.7 in 1907; but the per cent. of loans to loanable funds was only 74.6 in 1891 compared with 72.5 in 1903 and 71.9 in 1907—showing no important difference.

All this simply means that the banks are now doing a much larger proportion of their business on other people's money than was the case previous to 1897. In the six years of tremendous prosperity from 1897 to 1902, the people piled their money into the banks so fast that deposits leaped from $1,640,000,000 on December 17, 1896, to $3,112,000,000 on April 30, 1902.

Each of the two diagrams, therefore, taken by itself, shows the relative contraction and expansion of credit with substantial correctness; but a comparison of percentages as between the two diagrams would be misleading. Also if we were to chart the period between 1897 and 1901, it would be necessary to allow for the tremendous inrush of new deposits which took place during those years without a corresponding increase in the rest of the banks' loanable funds.

The question may be raised whether this plan of banking on the other fellow's money does not leave the banks in a vulnerable position. A bank's deposits are subject to withdrawal on demand, while its capital and surplus are not. If three-quarters of the bank's loans are based on deposits, is the bank in as strong a position as when only half its loans are based on deposits?

The answer to this question is: "Yes, provided the bank's loans are of such a character as to be called in within a reaonable time." The strength of the bank does not hinge upon the amount of its loans or the extent to which those loans are based on other people's deposits, but upon the character of the loans and upon the cash reserves which are kept on hand to back up the deposits.

The per cent. of cash reserves is fixed by law and there has been no change in this respect during recent years. The question of the character of a bank's loans depends on the management, but in view of the close supervision exercised by the United States Government over the national banks it is rare that any trouble arises from this source.

CASH, LOANS AND PRICES.

From 1890 to 1894 we can easily discern the same tendencies as were shown so plainly from 1902 to 1910. In 1890, the great activity of general business took money away from the stock market, resulting in an increasing per cent. of loans to deposits and in falling stock prices. During 1891 these conditions were reversed—loans declined and stock prices rose. Then came a moderate increase in loans during 1892, with stocks slowly falling, ending in the panic of 1893.

This was a general commercial panic and resulted in greater business depression than has been seen at any other time since 1878. Unused cash piled up in the banks to an almost unparalleled extent. Liquidation was the rule in every line of

Relation of Individual Deposits to Loanable Funds, All National Banks, 1886 to 1907.

	Mar. 1, 1886.	Feb. 26, 1891.	Sept. 9, 1903.	Nov. 9, 1905.	Dec. 3, 1907.
Capital stock	$533,360,000	$662,518,000	$753,722,000	$808,328,000	$901,681,000
Surplus fund	152,872,000	220,515,000	370,390,000	420,785,000	549,614,000
Undiv. profits ...	59,376,000	95,972,000	185,980,000	212,371,000	200,558,000
Circulation	256,972,000	123,112,000	375,037,000	485,521,000	601,805,000
Ind'l deposits	1,152,660,000	1,483,450,000	3,156,333,000	3,989,522,000	4,176,873,000
Loanable funds ..	$2,155,240,000	$2,585,567,000	$4,841,462,000	$5,916,527,000	$6,430,531,000
Loans and o'dfts.	1,367,705,000*	1,927,654,000*	3,508,639,000	4,071,209,000	4,622,882,000
Loans to deposits.	118.9%	130.2%	111.2%	100.7%	110.7%
Loans to loanable funds	63.5%	74.6%	72.5%	68.8%	71.9%

* Overdrafts not reported.

business and the per cent. of loans to deposits fell rapidly.

But, for the only time shown on our diagrams, this plethora of cash and reduction of loans failed to produce a bull stock market. A moderate advance took place in the fall of 1895, but prices could not be maintained and quickly dropped back to the previous level. It was not until 1897 that the upward swing was resumed and then it was longer and more vigorous as a result of enforced economies during the continued dullness.

Evidently there was some force working here strong enough to prevent the accumulation of cash from going into circulation, to prevent that degree of business activity which would produce a natural expansion of loans, and thus to prevent the stock market from responding to such conditions.

Of course, everyone knows what that force was. It was doubt as the maintenance of the gold standard—doubt as to the ability of the United States Government to pay its debts without putting the country on a silver basis. Money is our yardstick, and the possibility that the yardstick may lengthen or shorten a foot or two throws everybody's calculations askew, and breeds doubt and fear—the enemies of all progress and all achievement. Idle money did not go into circulation during 1894, 1895 and 1896, simply because capitalists were afraid to invest in new enterprises.

PRESENT CONDITIONS.

In many respects there was a similarity between the conditions of 1890 and those of 1910. Without attempting to exhaust the subject the following may be mentioned:

Generally rising loans.

Declining stock prices.

Bank reserves relatively low.

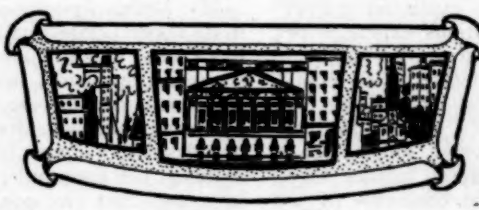
Democratic victories in the Congressional elections.

Agitation of the tariff and currency questions,

Adverse trade balance with foreign countries, with excess of gold exports for three years.

Some of these similarities look important. The question of our trade balance and the gold movement is especially interesting and will be treated more fully in another article. But there is one great difference between the two years—the credit of the government does not now seem likely to be endangered. There is nothing in sight as pernicious as the Bland silver coinage law of 1890. The emergency currency law is as yet untested, it is true, but in its present form it looks comparatively harmless.

Historical parallels are notably deceptive, yet it does seem that our position in the 20-year trade cycle may not be very far from that of 1890, but with modifying circumstances which place us relatively in a much better position than in 1890.



Studies in Stock Speculation

By ROLLO TAPE

Author of "Studies in Tape Reading."

XVI—Selecting Profitable Investments.

A WORD about long range operations, by which term I do not refer to trading for the long swings (fully described in previous chapters), but to the plan of taking a long look ahead in an endeavor to forecast how the condition of a property, its earnings, and the probable market price will stand, one, two or five years from now.

Each railroad or industrial property has, during its history, made a certain record which is available to every one. These records are tabulated in publications such as Poor's Manual of Railroads, Poor's Manual of Industrials, Moody's Manual, The Manual of Statistics, The Investor's Pocket Manual, etc.

Poor's Manual covers such subjects as mileage operated, including the length of all main lines and branches, together with trackage rights, leases, roads operated under agreement, and roads controlled by ownership of securities. It gives the history of a property; a map showing the territory traversed; an income account showing the sources of income, the distribution of expenses (with the number of dollars expended and percentage of gross earnings expended per mile of road); inventory of equipment; detailed tabulation of interest on bonds, equipment obligations, etc. There will also be found details of capital stock and bonds; comparative tables, for a period of years; general balance sheet, showing the financial condition of the property, etc.

With all of this information available, there is no reason why any actual or prospective stockholder should remain in ignorance as to the status of his property, and if these figures are not readily understood, the investor will find a copy of Woodlock's "Anatomy of a Railroad Report" a splendid textbook on the subject. An excellent article on the subject will also be found in THE TICKER for July, 1910.

Moody's Manual contains, in addition to the above matter, a brief analysis of the position of the principal properties, together with a "conclusion," based on the analysis.

The Manual of Statistics is a less elaborate volume, but contains the essential facts of a great number of properties, including all those of importance.

Then there are small manuals, issued monthly and quarterly which give in a condensed form the essential figures for several years and the latest monthly earnings.

John Moody has carried the analytical feature further than anyone else in his "Analyses of Railroad Investments," which contains a comparative analysis of all the principal railroads of the United States together with certain deductions which enable the investor to approximate the actual values of securities.

Mr. Moody first considers the railroad in its normal state—its location, management, etc., and in judging the value of its securities, bases his estimates upon the results of the past ten years. Such operating factors as freight and passenger density, average freight train load, earnings per train mile, etc., are handled in a way that any one can understand.

Mr. Moody's introductory chapters are an education in themselves, as they bring out the principles which underlie analytical work of this kind. He explains the various classifications under which income and operating expenses are di-

vided, the latter including maintenance of roadbed and equipment, transportation, etc. He then presents a tabulation of stock records and ratings and a detailed description of the capital stock and bond issues of each property, showing all the vital factors relating to income and operation reduced to a per-mile basis.

The "margin of safety," representing percentage of income over fixed charges, is brought out in bold face type, and the net income on net capital is similarly emphasized. Each issue of bonds and stock is given a rating based on the security and earnings back of that particular issue, as well as the ease with which it can be marketed.

It will be seen from the above that the investor who really wishes to know the value of the various stock and bond issues in which he deals or invests, will find in this volume the data necessary to the acquisition of such knowledge.

This being the case it seems unnecessary for us to bring even the essential principles of this question within the scope of this series; especially as it would be useless for us to attempt to abbreviate material which, to be of value, must be comprehensive.

It will be found upon investigation that each railroad property shows from its record a distinguishing character. The parentage of a property has very much to do with this character as well as with the "reputation" of its securities in the market.

For example, the Vanderbilts do not hold a controlling stock interest in the New York Central and allied lines. The family's investments are in the bonds. Nevertheless, the New York Central is benefited by the former stock ownership of the road by the Vanderbilt family, and it therefore still retains its prestige as a Vanderbilt road. In further proof that the individual at the head of a property is the chief factor in the formation of its "character," note the distinction between Mr. Hill's roads and those of Mr. Hawley; the Harriman properties compared with the Gould roads, etc.

The past policy of a management is an important factor in forecasting the future course of a property and the consequent effect upon the market price of its securities.

There are two kinds of railroad management: (1) That which works in the interest of all the stockholders, and (2) that which aims to benefit the insiders first and the outside stockholders last. We have many instances of both kinds among American railroad and industrial corporations. As a type of the former there is no better example than James J. Hill's management of Great Northern, Northern Pacific, Burlington, and allied lines.

Take the instance of the Great Northern ore lands: These vast deposits of ore having been discovered along the line of the Great Northern, Mr. Hill's son was put in charge of an extensive scheme of exploration by the use of diamond drills. This enabled the engineers to locate and determine the size of the ore bodies, so that when the time came for making a deal, the "cores" formed almost as good evidence as would the ore itself had it all been above ground. The Great Northern Iron Ore Properties, as the concern is called, were in the course of time leased to the United States Steel Corporation on a royalty basis. Certificates representing an interest in these Ore Properties were distributed among the stockholders of the Great Northern Railway, the contract also providing that the Great Northern should further benefit by the transportation of this ore.

In how many American corporations would this method of procedure have been followed? Certainly not in the majority. On the contrary, a private corporation would have been formed by a few insiders. These individuals would have held all the stock and secured all the royalties until such time as the stock, which cost them $10 per share, was selling at $150; then the general public would have been offered an "opportunity" to purchase the stock in the open market.

Any man with common sense can see that if the record of a corporation proves a strictly honorable plan to have been followed in the past, it is likely to be also pursued in the future. In consequence of the above policy, Great North-

ern has a record of having distributed in rights and extra distributions for the past eleven years, a maximum value of $164 per share, including $85 per share for Ore Certificates. Dividing this by the number of intervening years, we find that the extra distributions on Great Northern have averaged about 15 per cent. per annum. Dividends during that period have been 79 per cent., so that the net income has totaled about 25 per cent. per annum.

Take another type of road in contrast —the poor old Erie. See how management for the benefit of insiders is an incubus which the property, even with its various reorganizations, has never been able to shake off. Contrast the income from an investment in one of the Erie issues for the same eleven year period and decide for yourself in which kind of railroad property you prefer to place your investment funds.

On this basis, placing Great Northern at the head of a list of desirable stocks, and Erie at the bottom of the list, it will, of course, be found that all the others are somewhere in the intervening scale. I never could understand why so many people associate themselves with disreputable properties when there are so many good, brilliant ones with which to become identified. It is the same among human beings: A person who mixes with disreputable characters becomes one himself. He suffers mentally, morally and, as a rule, financially. But the man who associates only with those who are thoroughly upright, strengthens his character and, as a rule, expands his bank account.

Both individuals and properties frequently outgrow disreputable characters. This is something we hope Erie will accomplish; in fact, Erie is showing symptoms. On the other hand, recent developments in Illinois Central show how even a high-class property may fall into disrepute through the action of those identified with its management.

The whole scheme in selecting long range investment or speculative mediums is to get into the line of growth, and not tie up funds where they are likely to simmer along for years without showing satisfactory results. You have so much money which can be devoted to this purpose, and you have so many years on earth. Make the most of those years. Make your capital increase in the quickest possible ratio, so that you will have more dollars working for you within a given period.

Taking a brief glance down the active list of stocks, the following properties impress one as having, in recent years, *been classed among those which were* operated for the benefit of all stockholders in common:

Am. Telephone & Telegraph, Atchison, Canadian Pacific, Chicago & Northwestern, Delaware & Hudson, Great Northern, Pennsylvania, St. Paul.

This is not a complete list and many railroad men and insiders will doubtless look askance at some of the roads mentioned above, but I am judging from the general reputation borne in Wall Street by the above properties, and not from any inside knowledge.

On the other hand, the following corporations have been known or at least suspected of having been managed more with an eye to the stock market commitments of the insiders:

Amalgamated Copper, American Tobacco, American Smelters, Colorado Fuel, Distillers, Missouri Pacific, Republic Steel, Reading, United States Steel.

Amalgamated Copper since its incorporation and up to the time of H. H. Roger's death, was the medium for inside speculation on a tremendous scale. Through the control of the copper metal situation by means of the United Metals Selling Company enormous stock market profits were reaped.

American Tobacco common after years of violent stock market history was exchanged for American Tobacco bonds and preferred stock; that is, the holdings of the outside stockholders were exchanged—insiders held their common stock, which is now worth $420 per share in the outside security market.

Without going into details as to a number of the other propositions mentioned above, stock market history contains sufficient evidence that in the long run it pays to put your money into companies where you are most likely to be given a square deal.

As to getting the line of growth: Take a certain well-known industrial company as an illustration. We find that its net profits have increased since 1906 as follows:

1906	$1,774,315
1907	2,152,621
1908	2,156,877
1909	2,394,498
1910	2,907,874

The amount earned on the common stock for these years was:

1906	4.09%
1907	6.18%
1908	6.13%
1909	7.52%
1910	10.42%

and current earnings are at the rate of 12 per cent.

It is obvious that this company is in a position to disburse dividends within a very short time. Suppose the common stock is selling in the neighborhood of 40 and that within two years (figuring liberally) the issue will be placed upon a 5 per cent. dividend basis, in which time it should legitimately sell in the neighborhood of 75. A hypothetical transaction in this stock would show as follows:

100 shares at 45	$4,500
Two years' interest on the above at 5%	450
Total cost at the end of two years	$4,950

Assuming that two years from now the stock begins to pay 5 per cent. dividends, the net return on cost would be approximately 10 per cent,—in addition to the increased value of the principal, amounting to $2,550, or approximately 50 per cent.

This is the way money is made in securities. In order to operate thus, it is not necessary for a person to hang about a stock ticker all day. The latter kind of speculation is an entirely different proposition.

And is it not better to place your funds in growing properties such as the above, where even though no immediate dividends are forthcoming, their payment is more than reasonably certain and the reward very much larger than could be obtained by simply investing in a security for its 4, 5 or 6 per cent. returns?

By way of proving how some of the very large operations of this character are conducted, we have good authority for stating that within the last several months Mr. H. C. Frick has been selling his U. S. Steel preferred at around 115, and buying common stock at about 75, his reason being the expectation that the common will, before long, pay larger dividends than the preferred and sell at a much higher price. Mr. Frick does not believe in a 6 per cent. return when he can eventually realize 10 or 15 per cent. dividends on the same money, besides doubling or trebling his principal.

This was the fundamental idea beneath E. H. Harriman's great fortune. Once when Mr. Harriman was offered an investment which would net him 10 per cent., he said: "I am not a 10 per cent. man. I want something that will grow!"

That's the secret of this game of long swing operations—get in the line of growth.

There is a book published under the title of, "The Use of the Margin." It is designed to show how a man may employ his spare time to best advantage. It does not refer to margins on speculative ventures. Suppose you have half an hour a day which you can apply to the study of any subject which interests or will pay you. Can you think of anything which would return such liberal dividends as the study of securities?

(Continued in the March issue.)

Present Opportunities in Cotton

A Market Which is Attracting More and More Attention.

IN several ways the year 1910 was a notable one in the New York Cotton Market. For one thing, prices of cotton for future delivery reached the high water mark since the establishment of that method of trading soon after the Civil War.

During the summer the price advanced from 12¾ cents a pound to 16 cents on account of the severe crop damage. Then a partial corner in the August option sent the price for that month to 20 cents.

Twenty cent cotton had been looked upon as merely a rosy vision of enthusiastic Southern planters and the establishment of that price at New York marked a new era in the trade. Two short crops in succession yielding, taken together, some 2,500,000 bales less the estimated normal requirements of spinners for the two years, resulted in something approaching a cotton famine.

AN AMERICAN CROP.

To understand the cotton situation, it is necessary first to bear in mind that cotton is essentially an American crop. While other countries have been doing their best to encourage the cultivation of cotton, the area adapted to the peculiar requirements of the crop is relatively small, and progress has not so far been sufficient to seriously interfere with the commanding position of our Southern States in the production of this world-wide necessity. Hence, while the acreage planted has grown from year to year, it has not kept pace with the increase in the demand.

A number of different factors have combined to check the cotton production of the South. Perhaps the most important has been the spread of the boll weevil. This destructive insect has been present in parts of Mexico since 1850 and probably much longer. It first crossed the Rio Grande in 1892 at Brownsville, Texas. It gradually spread in all directions, until in 1907 nearly the whole cotton producing area west of the Mississippi was affected. In 1908 the weevil secured a foothold east of the Mississippi, and a field expert of the Department of Agriculture now estimates that about 30 per cent. of the whole cotton area is infested and he predicts that the remainder soon will be.

Largely for this reason the average cotton production of Texas per acre has declined from 234 pounds for the ten years ending with 1873 to 171 pounds for the six years ending with 1909. The weevil is now working gradually across the splendid cotton state of Mississippi, and Alabama, equally productive, lies next in its path.

Another obstacle to cotton production has been the difficulty of getting pickers. Cotton picking is the standard negro job, and the presence of this cheap labor in the South has been one of the necessities of profitable production. In recent years the negroes, like all other workmen, have been demanding and getting higher wages. Moreover, there has been a steady flow of negro population to the cities, and it is universally admitted that negro labor in general is less reliable and efficient than it used to be.

Again, there has been an active campaign among Southern farmers for the restriction of cotton acreage and the diversification of crops. Among the more intelligent planters this agitation has had influence, but far more effective have been the ravages of the weevil and the scarcity of pickers.

It is claimed that a successful picking machine has at last been invented. Theodore H. Price and other well-known cotton men are interested in the formation of a company for its manufacture. Such a machine would permit a considerable increase in acreage, but it may safely be

assumed that at least several years will elapse before its effect is felt. It will be remembered that the early wheat reapers made slow progress and overcame mechanical imperfections but slowly. The science of machine building is now much more advanced than in those days, but on the other hand, the problem of a mechanical cotton picker is far more delicate and complicated than that of the reaper.

Still another reason preventing increased cotton production is the gradual exhaustion of some of the land. Continual replanting of the same crop without fertilizing has weakened the soil in many sections. Fertilizer is coming more and more into use, but this increases both the expense and the labor of raising the crop.

With cotton production so largely confined to a limited area in our Southern States, with all these difficulties increasing upon the planters in that section, and with consumption continually increasing all over the world, prices have necessarily risen and there seems to be no prospect of a return to the cheap cotton of the 90's.

Cotton is a hard crop to kill, but it requires good weather conditions and a long season in order to ripen properly. When the season is too dry, the plants are stunted and bloom prematurely at the top. Excessive rains cause a rank growth of foliage with few blooms. Early frosts check the maturity of the bolls.

WILL CONSUMPTION BE CHECKED?

If production cannot be increased above that of the past two years, consumption must be checked. There is no getting around that argument. But a considerable rise in price is necessary to cause any real decrease in the use of cotton fabrics. Cotton is so much cheaper than any other cloth that it has room to advance sharply before meeting greater competition. Consumption may be apparently checked by a cutting down of stocks by mills, jobbers, wholesalers and retailers; but what price would be required to reduce the number of yards of cotton cloth used yearly by your family?

An important cause of decreased consumption recently has been the change in women's fashions. When skirts were eleven yards around the bottom and sleeves were like small balloons, at least twice as much cloth was needed for a dress as in this age of clinging garments. But fashion cannot be counted upon to adapt itself to the price of cotton. It is quite indifferent to such sordid considerations.

A general business depression would reduce consumption sharply. People would wear their old clothes, and it is wonderful what economies can be achieved in that manner. The woman who now has eight gowns can easily get along with four if she has to. But such a wave of economy would be temporary and the causes which limit the production of cotton do not seem to be temporary.

ADVANTAGES OF THE COTTON MARKET.

The cotton market is probably more closely controlled by plainly visible conditions than any other speculative market, with the possible exception of corn. Cotton statistics are very carefully compiled and are available to all. As the greater part of the crop is grown in this country, it is comparatively easy to keep track of weather conditions, the amount of cotton marketed, the progress of ginning, etc.

Wheat, for example, is a world's market and our relatively small exportable surplus has only a small part in making the price. An advance in wheat based on purely American conditions is sure to fizzle out. But in cotton American conditions are the controlling influence. This point is an important one, for the trader likes to feel that he has the facts within his reach.

Of course cotton is too big a proposition to be seriously manipulated. Even corners in single options have been rare, and it is always easy to avoid them by dealing in the more distant futures.

As cotton fluctuates in points of .01 of a cent, there is no difficulty in getting good execution of trades in any active option.

A well-known house* issues the following clear summary of methods of trading in cotton futures:

* Chas. Fairchild & Co.

"Cotton is traded in for delivery in certain months—any month desired.

"A trader buys cotton for say December delivery and later sells his December cotton at a higher price and has then immediately made the difference. He has his profit without waiting for December or waiting at all.

"Cotton is traded in in cents and hundredths of a cent, (called points) per pound.

"The minimum contract traded in is 100 bales (50,000 lbs.) Therefore, the variation of 1c. per pound in the price of cotton equals $500 on 100 bales. The variation of one one-hundredth of a cent —one point—equals $5.00 on 100 bales.

"There is no interest to pay and no taxes or other charges to pay except the commission which is 3 points, equal to 1½ points for buying and 1½ points for selling.

"Example: A trader buys 100 bales of December cotton at 12.40 (12 40/100 cents per pound), and later sells it at 12.93. The difference is 53 points and the trader has that, less 3 points commission, or 50 points which is $250, and which he can immediately take, all of it, as there is no interest charge, no tax, no anything to be deducted.

"In ordinary markets the usual margin required by the broker is 40 points or $2.00 per bale, $200 on one contract (100 bales). So the profits are very large in comparison with the amount risked."

An easy way to figure profits and losses on cotton is to remember that a 20-point movement of the price equals $1.00 on each bale, or $100 on the ordinary contract of 100 bales.

How Many Stock Traders Make Money?

The Author Reaches Conclusions Quite Different From Those Commonly Accepted.

By LEWIS B. HALL, JR.

AN article appearing in the December number of THE TICKER entitled "Customers and Their Ways," by Frederick Drew Bond, must have brought forcibly to the minds of many readers the truth of the old saying, "All is not gold that glitters."

The fallacy of money easily made in Wall Street without effort, or study, or brains, was clearly pointed out and the characteristics of a certain class of chronic losers were noted with Mr. Bond's customary carefulness for detail. But while it is always well to emphasize the futility of trying to get something for nothing, especially in Wall Street, yet a careful reading of Mr. Bond's article brings to our minds an impression which perhaps the writer did not intend to convey. This impression may be summarized in the maxim of a modern philosopher of Hebrew extraction, a member of the utilitarian school, who propounded the proposition "All that glitters is not mud."

In other words, although the chronic loser, like the poor, is always with us in Wall Street, just as he is found in every walk of life, still there is something else here that is bigger and broader and healthier to look at. This tremendous organization is a wonderful thing, and the wonder of wonders in it is the human element. Considering only the human element that contributes to the support of commission houses, it is no exaggeration to state that these houses depend upon successful speculation for support. Chronic losers may support a firm for a time, but a house that constantly numbers chronic losers in its list of clients is doomed to failure in the end. Of course every house has a great many clients who lose money. Yet every conservative house of long standing has a very considerable list of customers who not only do not lose money, but who make enough out of their speculative ventures to net them a handsome return on the money, time and risk involved. This latter class is not included in the group of bankers, high railroad officials and others, who, on account of their positions, naturally receive notice of financial deals in advance of the public. It is composed of business and professional men, traders, investors and those who, when they have a little surplus money, like to try to make a turn in the market. In fact, it is the so-called "Dear Public." To say that they all lose is a gross misstatement of fact.

Now it is always profitable to study the defects of others with a view to correcting evil tendencies in ourselves, but the negative advice obtained by that method does not seem to be so healthful and to have such tonic effects as does the study of successful lives and methods. Applying this reasoning to speculative research, it will often be of more advantage to the individual to consider the successes in stock trading rather than to rake over the failures with a fine-tooth comb. The power of good example to spur one on to better things is a psychological help within the reach of all and yet availed of by too few.

There comes to mind the case of a certain young lawyer who was more or less unsuccessful, and the mere fact of his inability to speculate correctly seemed to worry him out of all proportion to the

financial losses involved. Being naturally and by profession of an inquiring and analytical mind, with a strong propensity to picking things to pieces, finding flaws and splitting hairs, he took himself as his subject and started to dissect his speculative organism. In a few days he informed me that he had discovered the sources of his different errors and that therefore he would be a moneymaker in the future. A few days' trial convinced him that he must have overlooked something, so he started to investigate not only himself, but several of his friends who could not seem to make money. Then came another trial, with worse results, followed by the customary investigation.

Of course, there could be but one ending. The lawyer found himself floundering around in a mesh of uncertainty until he knew not which way to go. His faults and errors seemed so many that to correct them all was an absolute impossibility. It was suggested to him, at this time, that he read carefully the lives of two or three of Wall Street's former speculative successes. The medicine worked a cure. From that time he began to be successful, at first in a small way, and then as he gained confidence his operations showed the decision, nerve and forcefulness of the real operator. This satisfactory result was not obtained through profiting by the mistakes of others, but was due solely to the power of example and to the stimulating and invigorating influence exerted on him. To give luck the credit of this success would be out of the question, as this speculator has now been operating for years.

Although every successful trader and speculator has to learn a great deal before financial benefit crowns his efforts, many instances come to mind where the probationary and experience-learning period has been remarkably short and attended by little or no money loss. It has been the writer's pleasant privilege to come in contact with a number of such accounts.

A close analysis of the mental and physical characteristics of the owners of these accounts discloses to me nothing exceptional or abnormal. They are not geniuses of finance, nor are they physically able to stand the strain any more than thousands of others. They are ordinary business and professional men, without opportunity for getting inside information, real or spurious, with the average amount of business and common sense. The element of self-consciousness in their dealing is entirely lacking Their stock trades are conducted on the same plane, and with the same involuntary business foresight as their mercantile or professional operations.

Ask any one of them how he makes money in stock speculations and you would get a hazy, indefinite answer that would really be no answer at all. The truth of the matter is that they do not know, and no more do I. The results are there and speak for themselves, but as for deducing any definite method for speculation from their transactions, the thing is impossible. Equal results would undoubtedly be obtained from a systematic inquiry into the operations of men at the top of the profession.

All the clients above mentioned have a fair notion of the state of fundamental conditions, past and present, and stake their market transactions on what they believe future developments will show. But the operation is more or less involuntary in the sense that it is done almost unconsciously. Numerous examples of this class of speculators could be given, but it is far more important to grasp the idea that a large number of such exist than to learn of each individual case.

None of the foregoing is to be construed as in any way a depreciation of methodical study of speculative phenomena. It is undoubtedly a fact that by applying himself to the study of some of the mechanical aids to speculation employed by the professionals, the successful commission house client could become more successful. Because a class of speculators make money without going through the tedium of close introspection as to methods, do not think that this does not involve work or mental capacity. It involves both. The contention here made is that the effort is done almost unconsciously. It is not possible in the limits of this discussion to dwell on the psychological problem presented or even to try to get at the principles

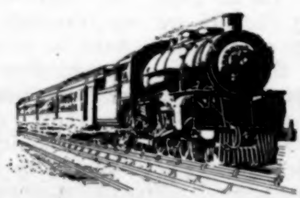
governing their operations. It is simply stated as a fact that such a class not only exists, but that it is far greater than is generally supposed. You will find the largest number of them on the books of older banking houses, although since the panic of 1907 many smaller houses have carried more profitable accounts (profitable to customers), than ever before.

The reasons are apparent. A clearer realization by brokers of their duty towards clients has helped somewhat. A wider circulation of reliable news by honest financial publications has helped more.

One of the popular fallacies that has gained public confidence, and at the same time one hard to uproot for the reason that people will insist upon looking at immediate surroundings instead of taking a broad true perspective, is the statement that over ninety per cent. of the public lose money in the stock market. After carefully going over every account with which the writer is familiar and after consultation with many brokers of large experience and high standing, the assertion is made that over *fifty per cent. of the speculating public make money.* The speculating public may be divided as follows: Those who practically always make money, 10 per cent.; those who make and lose but make on balance, 50 per cent; those who always lose or who lose on balance, 40 per cent.

Of course it is to be understood that those who make money do not make in same proportion to their capital as those who lose. The loser is usually a plunger —that is the principal reason why he is a loser. The permanently successful trader is content with reasonable returns.

It is expected that these statements and percentages will be doubted by many and proof of them sought even by those inclined to agree with them. Space forbids here, but take it on faith, for they can be proved. It is very well to be able to profit by mistakes of ourselves and others, but to rely too much on this method for success is apt to result in stagnation instead of growth. It may even prove positively disastrous financially, should it result in under appreciation, especially in forming an opinion in regard to the capacity of the public for correct speculative judgment.



The Bargain Indicator

A Change This Month in the Arrangement of Railroad Stocks.

MORE difficulties are encountered in compiling such a table as THE TICKER'S "Bargain Indicator" than the casual reader would suppose. We believe that the "Bargain Indicator" is the best and most carefully compiled table of the kind which is published, but we would like to make it still better. For this reason we are trying out a change this month in the tabulation of the railroad stocks and would ask readers who are interested in the table to write us whether they consider it an improvement.

One difficulty is that one year's earnings may not give an accurate indication as to the real capacity of the company to earn dividends year after year. The earnings may have been especially good or especially poor during one year, so that figuring on that year alone leaves a wrong impression.

Take, for example, Missouri Pacific. Its earnings during the last fiscal year were only 3.3% on the stock. But this road has been permitted to run down through poor management. It is not in the least likely that this condition of things will be permanent, as it runs through a fine territory, and in 1907 earned almost 10 per cent. The average for the last five years is 5.1%. If we figure only on the earnings of the last year, we are really doing the road an injustice. In point of fact, bond sales already made or authorized will do much to put the road on its feet.

Another difficulty is well illustrated by the same road. The "balance for dividends" for 1909 was $1,064,000 and the gain in net earnings for the twelve months of the fiscal year 1910, as reported monthly, was $3,012,000. This would give us $4,076,000 "balance for dividends" in 1910, or about 5%. About September 1st the road issued a preliminary report showing 2.8% earned on the stock. The full report did not come out until January, and showed 3.3%.

These variations resulted from the sale of bonds during the year. Stockholders voted January 18, 1910, to authorize $175,000,000 convertible bonds for refunding present bonds and providing for extensions and additions. It would be an impossibility, from the meager and disconnected reports given out during the year, to keep track of these bond sales accurately enough to figure the earnings on the stock exactly. In fact, the Missouri Pacific accountants themselves revised their preliminary figures from 2.8% to 3.3%.

Where convertible bonds are outstanding this difficulty becomes even worse. No road except the Pennsylvania keeps the public informed during the year as to the amount of bonds converted.

Again, large sums are frequently appropriated by both railway and industrial companies in such a way that it is practically impossible to tell whether they are to be applied to "depreciation and renewals" or to "improvements and additions." If the money goes to cover depreciation it should not be credited to the earnings on the stock. If it is used for improvements it should be counted as earnings, for such improvements must be assumed to add to the future earning power of the company.

This is often an important matter, especially with industrial companies, where the information given to the public is often slight and indefinite.

It will be gathered from the above that when the financial reporter gaily writes that the Klondike & Paraguay Air Line earned 'steen per cent. on its capital stock during the first eight months of its fiscal year, the statement is not to be taken too seriously.

The common way of avoiding these difficulties and of averaging out the wrinkles, as it were, is to take the aver-

age of a series of years. John Moody uses ten years; others five or six. This method, however, has its own disadvantages. For one thing, it tends to conceal the growing roads—the very ones that the bargain hunter wants to find. Take Colorado & Southern, for example. Its earnings have been: 1906, 3.5%; 1907, 4.5; 1908, 4.8; 1909, 4.9; 1910, 7.3. The five years average is exactly 5%; but this average does not show you the gradual increase year by year in the earning power of the road.

Take Utah Copper. It first began to show good earnings in 1907—5.9%; 1908, 23.3; 1909, 29.5; quarter ending September 30, 1910, at the rate of 34.1% annually. The five year average here would not do justice to the real position of the stock.

Likewise a five years average may fail to show a decline in earning power. Minneapolis & St. Louis preferred has earned as follows: 1906, 10.4%; 1907, 7.8; 1908, 2.7; 1909, 2.4 *deficit;* 1910, 1.9. The five years average is 4%—but taken alone, this does not give the investor the necessary information.

By the time he reaches this point, the poor statistician is about ready for the insane asylum; that is, he is beginning to wonder if there may not be some things he doesn't know, which is equivalent to insanity for him. Not that he will admit as much—by no means. Why should he decry his own wares? His attitude merely becomes all the more superior and haughty because of the uncertainties on which it is founded. If you put up to him some of the questions discussed above he will quote a long string of figures to you and will keep going around and around until you have entirely lost your bearings, winding up with earnings figured out to .01%.

If you are a "piker" you may be silenced, if not convinced; but unfortunately for the writer of this article, many of THE TICKER'S readers have become educated up to the point where they "want to know" and cannot be successfully wound up in a string of meaningless verbiage. Hence the above explanation.

For the railroad stocks we have this month taken the five years average earnings on par and have figured the earnings on the price on that basis. This makes some changes in the order of the roads. We have not applied this method to the industrials because the earnings of many of these companies fluctuate widely from year to year, so that the conditions of five years ago may be entirely inapplicable to the present.

We would be glad to have our readers write us their opinions in regard to this change. Do YOU consider it an improvement? Have you any suggestions to offer?

THE BARGAI

Comparative Earning o

☞ **It is just as important to read the footnotes below, and the comments on preceding page, as it is to note the position and earnings of the stocks.**

RAILROADS

Position.		Price.	Div. Rate.	Yield.	Earinngs on par last fisc. yr.	Earnings on par—5 yr. avg.	Earnings on price—basis 5 yr. avg.
1	Denver & Rio Grande common	28	0	0	4.4(a)	3.6	12.8
2	Missouri Pacific	46	0	0	3.3	5.2	11.3
3	Lehigh Valley common	175	10	5.7	23.0	19.1	10.9
4	Atchison common	102	6	5.9	8.9	11.1	10.9
5	Erie common	27	0	0	5.2(b)	2.9	10.7
6	Northern Pacific common	117	7	6.0	9.0	12.4	10.6
7	Union Pacific common	172	10	5.8	19.2	17.0	9.9
8	Chicago & Alton common	29	0	0	1.4	2.8	9.6
9	Norfolk & Western common	101	5	5.0	11.6	9.2	9.1
10	Southern Pacific common	115	6	5.2	13.0	10.2	8.9
11	Reading common	154	6	3.9	16.1(c)	13.7	8.9
12	Colorado & Southern common	58	2	3.5	7.2	5.0	8.6
13	Pittsburgh, Cincinnati, Chicago & St. Louis com.	98	5	5.1	9.8	8.4	8.6
14	Minneapolis & St. Louis preferred	47	0	0	1.9	4.0	8.5
15	Kansas City Southern common	32	0	0	2.2	2.7	8.4
16	Louisville & Nashville	144	7	4.8	17.3	12.0	8.3
17	Baltimore & Ohio common	105	6	5.7	8.9	8.7	8.3
18	Chesapeake & Ohio	81	5	6.2	10.0	6.7	8.2
19	Pennsylvania Lines	127	6	4.6	11.0	10.4	8.2
20	Minneapolis, St. Paul & S. S. M. common	134	7	5.2	15.7	10.8	8.1
21	Chicago & Northwestern common	142	7	4.9	7.7	11.5	8.1
22	Twin City Rapid Transit common	108	6	5.6	9.9	8.4	7.8
23	Great Northern preferred	124	7	5.6	8.5	9.7	7.8
24	Chicago, Milwaukee & St. Paul common	123	7	5.6	7.5	9.5	7.7
25	Delaware & Hudson	166	9	5.4	12.2	12.7	7.6
26	Atlantic Coast Line R. R	117	6	5.1	12.0	8.8	7.5
27	Iowa Central preferred	31	0	0	0	2.2	7.1
28	Buffalo, Rochester & Pittsburgh common	106	4	3.8	7.3	7.4	6.9
29	Delaware, Lackawanna & Western	542	20	3.6	52.8	36.9	6.8
30	St. Louis Southwestern preferred	60	4	6.7	4.1	3.8	6.3
31	Brooklyn Rapid Transit	75	5	6.7	5.6	4.7	6.2
32	Canadian Pacific	204	10(e)	4.9	16.0	12.6	6.1
33	New York, Ontario & Western	40	0	0	2.3	2.4	6.0
34	New York, New Haven & Hartford	150	8	5.2	7.5(d)	8.4	5.7
35	Illinois Central	134	7	5.2	7.1	7.6	5.7
36	Missouri, Kansas & Texas common	32	0	0	0.8	1.7	5.3
37	Lake Erie & Western preferred	41	0	0	0.8	2.2	5.3
38	New York Central	109	6	5.5	7.7	5.8	5.3
39	Cleveland, Cincinnati, Chicago & St. Louis common	64	4	6.3	4.8	3.3	5.1
40	Southern Railway common	26	0	0	2.3(b)	0.4	1.5
41	Lake Erie & Western common	17	0	0	0	0	0
42	Duluth, South Shore & Atlantic preferred	22	0	0	0	0	0
43	St. Louis Southwestern common	24	0	0	0	0	0
44	Texas & Pacific	25	0	0	0	0	0
45	Minneapolis & St. Louis common	26	0	0	0	0	0
46	Wabash preferred	33	0	0	2.4	0	0

Preferred stocks earning more than the per cent. to which the dividend is limited, but now receiving either no dividend or less than said limit.

1	Erie second preferred	35	0	0	24.3(b)	19.4	55.4
2	St. Louis & San Francisco second preferred	38	0	0	5.8(b)	10.7	28.2
3	Erie first preferred	45	0	0	12.1	7.5	16.7
4	Southern Railway preferred	61	0	0	9.6	5.7	9.3

(a) Including $1,152,000 "deferred income," due from Western Pac. (b) After deducting pref. divs. (c) Includes betterments on railway. (d) Figured on $144,000,000 stock. (e) Of which 3% is from land sales.

N INDICATOR

g of Important Stocks

☞ Reports in italics are over 6 months old. They are, however, in each case the latest and reliable figures obtainable.

INDUSTRIALS, &c.

Pos.	Date of Report.		Price.	Div. Rate.	Yield.	Approximate earnings on par.	Earnings on price.
1	Oct. 31, '10	Bethlehem Steel common	29	0	0	8.7	30.0(f, j)
2	June 30, '10	American Agricultural common	47	0	0	10.4	22.1
3	Oct. 31, '10	Bethlehem Steel preferred	59	0	0	13.0	22.1(f, g)
4	*Mar. 31, '10*	*United States Rubber common*	37	0	0	7.8	21.1
5	Sept. 30, '10	United States Steel common	74	5	6.8	13.8	18.6(a)
6	*Mar. 31, '10*	*American Beet Sugar common*	40	0	0	7.3	18.3
7	*May 31, '10*	*Virginia-Carolina Chemical common*	63	5	7.9	10.4	16.5
8	July 31, '10	American Linseed preferred	30	0	0	4.5	15.0
9	*June 30, '10*	*Republic Iron & Steel common*	31	0	0	4.6	14.8
10	Oct. 31, '10	United States Realty & Improvement	69	5	7.3	10.2	14.8(d)
11	July 31, '10	American Steel Foundries	44	5	11.4	6.1	13.9
12	*June 30, '10*	*Wells Fargo Express*	151	10	6.6	20.1	13.3
13	*Apr. 30, '10*	*American Car & Foundry*	51	2	3.9	6.6	12.9
14	Aug. 31, '10	American Cotton Oil common	56	5	8.9	6.8	12.1
15	*Mar. 31, '10*	*Westinghouse Electric & Mfg. common*	66	0	0	7.6	11.5
16	*June 30, '10*	*Allis-Chalmers preferred*	28	0	0	3.1	11.1
17	*June 30, '10*	*National Enameling & Stamping common*	17	0	0	1.7	10.0
18	Jan. 31, '10	Union Bag & Paper preferred	56	4	7.1	5.4	9.6(c)
19	*Apr. 30, '10*	*American Smelting & Refining common*	74	4	5.4	7.1	9.6
20	Sept. 30, '10	Pittsburgh Coal preferred	71	5	7.0	6.6	9.3(c, h)
21	*May 31, '10*	*People's Gas Light & Coke*	107	7	6.5	10.0	9.3(d)
22	*Feb. 28, '10*	*Corn Products preferred*	76	5	6.6	6.9	9.1(c)
23	*May 31, '10*	*United States Cast Iron Pipe preferred*	50	5	10.0	4.4	8.8
24	*May 31, '10*	*Sloss-Sheffield common*	50	0	0	4.3	8.6(d)
25		Pacific Coast common	103	6	5.8	8.8	8.5(b, e)
26	Aug. 31, '10	American Malt Corporation preferred	36	2	5.6	3.0	8.3(c)
27	*June 30, '10*	*International Paper preferred*	54	2	3.7	4.5	8.3
28	*June 30, '10*	*Western Union*	73	3	4.1	5.7	7.8
29	Sept. 30, '10	Utah Copper (par $10)	$45	30	6.6	34.1	7.6(a)
30	Sept. 30, '10	Laclede Gas common (St. Louis)	111	7	6.3	8.4	7.6(h)
31	July 31, '10	Pullman	159	8	5.0	11.6	7.3
32	*June 30, '10*	*Distillers Securities*	32	2	6.3	2.3	7.2
33	Sept. 30, '10	American Telephone & Telegraph	141	8	5.7	10.2	7.2(h)
34	*Mar. 31, '10*	*International Steam Pump common*	40	0	0	2.8	7.0
35	*Jan. 31, '10*	*National Biscuit common*	117	6	5.1	7.7	6.6
36	*Apr. 30, '10*	*Amalgamated Copper*	62	2	3.2	3.9	6.3
37	*Feb. 1, '10*	*Mackay common*	92	5	5.4	4.3	4.6(k)
38	*June 30, '10*	*American Locomotive common*	39	0	0	1.3	3.3
39	*Jan. 31, '10*	*Union Bag & Paper common*	8	0	0	0	0
40	July 31, '10	American Linseed common	10	0	0	0	0
41	*June 30, '10*	*International Paper common*	12	0	0	0	0
42	*Feb. 28, '10*	*Corn Products common*	14	0	0	0	0
43	*May 31, '10*	*United States Cast Iron Pipe common*	16	0	0	0	0
44	Sept. 30, '10	American Hide & Leather preferred	21	0	0	0	0 (a, c)
45	*Apr. 30, '10*	*Pacific Mail*	28	0	0	0	0

(a) Based on quarterly earnings. (b) Based on current earnings. (c) Divs. in arrears. (d) Based on 6 mos. earnings. (e) 2nd pref. and com. share equally after com. receives 4%. (f) Based on 10 mos.—Int. charges deducted but not depreciation or miscellaneous. (g) Entitled to only 7% non-cumulative. (h) Based on 9 mos. earnings. (j) After deducting preferred div. (k) This figure represents dividends received from constituent companies and does not include surplus earnings.

How Distribution is Shown in Volume of Transactions.

By SCRIBNER BROWNE.

THE most useful indications from volume of transactions are obtained in times of great activity, as in the culmination of a prolonged bull market or the final liquidation after a bear market. This is because, in the long run, the public makes the market. The insiders can mark up the prices, but that does them no good unless the public comes in and buys on the advance. They are certain to meet some stock as prices go up and the buying must overbalance this selling, otherwise the marking up process is painfully expensive and will be soon abandoned.

Likewise bear "raids" (as the bulls usually signify them), can depress prices; but a certain number of buying orders wil be met, and if the public does not sell more than it buys, the bad bears are promptly punished for their sins.

It is exactly these facts, whether the public does come in and buy on the advances and whether it does sell more than it buys on the declines, that are indicated, in a rough general way, by the volume of transactions. When the total transactions for the day are down to 400,000 shares or less, we may be sure that public participation is small and the indications are correspondingly difficult to read.

The mere scalping operations of room traders do not, as a rule, give any reliable index to the condition of the market. A professional market is likely to seesaw up and down in an aimless sort of way, and prices are a better guide than volumes until it breaks out of its rut as a result of more active participation either by the public or by larger interests. In short, there must be trade of some importance to interpret before you can proceed to interpret it.

Now the culmination of a big bull market is just the time when most traders get fooled the worst. They are impressed by the big trading, excited by the various rumors in circulation and by the legitimate bull situation which always exists at that time, and they let their enthusiasm run away with them. "Aw, they can't break this market!" is the expression you frequently hear from the inexperienced trader at such a time.

He forgets that the highest prices must be made, as a common sense proposition, at the time when the situation is most bullish. The mill can never grind again with water that has passed. And it is this refusal of the market to be governed by past conditions that causes more loss to the outside public than anything else.

For this reason, I am taking my first examples from the culmination of the bull market in 1909.

The behavior of Union Pacific at that time, the leader of the bull market for two years previous, has never been satisfactorily explained. It is generally believed that the big advance to 219 was engineered without Mr. Harriman's knowledge or consent, and that he himself sold heavily around the high prices.

Such an advance in one of the leading stocks at the culmination of a bull market is frequently used as a cover for profit-taking in other stocks. It is a difficult matter to put a stock up 20 points in a few days without taking at least as much stock as you can sell; but if the demonstration enables you to dispose of large quantities of less active stocks, you may be able to stand a small loss in the leader.

There was liquidation in the rest of the market while Union Pacific was being pushed up to 219, yet it was not of

the volume that might have been expected if the advance in U. P. had been created solely for that purpose. On the whole, it seems probable that somebody's plans went wrong, and it is doubtful if the demonstration was a good example of the best "stock market practice," as one might say. Nevertheless, the volumes gave the key to it, as I will show.

The table herewith shows daily volume of transactions for the whole market, volume transactions in Union Pacific, and the high, low and close for each day.

Culmination of Union Pacific, August, 1909.

Date, Aug.	Total transactions (000 omitted).	Transactions in U. P. (000 omitted).	High, U. P.	Low, U. P.	Close, U. P.
11	971	120	207	203⅜	207
12	1506	178	210¼	208⅛	209
13	1243	234	215	208¼	214⅛
14	705*	97*	218½	213¾	217¾
16	1136	182	219	214	214⅜
17	1111	173	215⅜	210¾	214¾
18	1046	191	216¼	210½	211¼

* Saturday.

The movement really began from August 5, when the stock reacted to 200⅛, after having sold the previous day at 202¾. Seven days of continuous advance followed, with gradually increasing transactions. Our table begins with the fifth day of that advance, August 11. On the 12th, U. P. gained 2 points for the day, with transactions still increasing, while the total transactions for the entire market jumped to 1,506,000, the largest for months.

On the next day, U. P. gained another 5 points on the phenomenal business of 234,000 shares, but in spite of this it is noticed that the total for the whole market fell off to 1,243,000 shares. This was an indication that the public was not following prices up with the proper degree of enthusiasm; but there was still no abatement of the horse-power of force behind U. P.

August 14 was Saturday, with a session of two hours only. In a big public market many orders are given before the opening, so that trade in the early part of the session is ordinarily larger than in the latter part. I generally double the transactions for a Saturday, as a fair comparison with other days. Of course, this is not accurate—nothing about these calculations is accurate—everything is approximate.

On this basis the volume for the general market held its own, but Union Pacific, although pushed up 3⅝ points further, fell off in activity of trade—194,000 against 234,000. As this was the eighth day of continuous advance, the trader's suspicions might be aroused by this decline in activity, and if he sold on the opening the next morning, he would get 218¾, only ¼ point below the highest price reached.

However, it is very likely that he would not have had the nerve to sell short then, though he probably would close out his long stock. So let us follow the market a little further. On the 16th came a general reaction with the market closing at the low point. The trade in U. P. maintained about the same scale as on the previous day, but the total for the whole market fell off. On the 17th, U. P. rallied, but failed to reach its previous high price. Moreover, transactions fell off both for U. P. and for the market as a whole.

On the 13th U. P. had gained 5⅛ points on transactions of 234,000; on the 17th, rallying from a reaction, it gained only ⅜ on transactions of 173,000. The activity of the whole market had fallen from 1,506,000 shares on the 12th to 1,111,000 on the 17th. The power under the bull movement was giving out; the bull muscle was getting tired; the climax was over. On the next morning U. P. opened at 215¾, sold up to 216¼—and has never sold as high since.

Now, to forestall any possible misunderstandings, I will say that stocks do not always culminate in this way—in fact, they never culminate in exactly the same way twice. In my next article I will show you the culmination of Reading in 1909, which was entirely different from the above.

Moreover, you cannot always catch the

turn even at the top of a big active market. Go back and examine the culmination of Reading at 164 in 1906, and you will find it impossible to locate the top by studying the volumes—or at least I found it so. The study of volumes is not a recipe for success in the stock market—it is merely a common sense aid to your judgment. But in nine cases out of ten it is an important aid and one that no trader or investor can afford to overlook.

An Ode in Time of Hesitation

By C. C. S.

TELL me not in mournful numbers,
Everything is going to smash,
And the bull will bust that slumbers
Till the final, awful crash.

Life is real! Life is earnest!
And the short will get a shock
When he finds his wagon harnessed
To a swiftly rising stock.

Art is long and prices fleeting;
What looks like a bulge to-day
May become a deepening hollow
While your margins melt away.

Herald tipsters tell us daily,
Buy and make a handsome pile,
And departing, leave our widows
Mourning in a splendid style.

Let us, then, be up and doing,
Gaily bluffing at the game;
Every baby starts by creeping—
And bull markets do the same.

The Investment Digest

THIS Digest is prepared from news appearing in the following publications: New York: *Bond Buyer; Financial News; Wall St. Journal; Financial America; Moody's Magazine; Moody's Manual Supplement; Commercial & Fin. Chronicle; Financial Age; Financial World; Railroad Age Gazette; U. S. Investor; Commercial; Brooklyn Eagle; Leslie's Weekly, Evening Mail; Evening Post; Herald; Journal of Commerce; Sun; Times; Tribune.* Boston: *News Bureau; Commercial; Financial News; Transcript; Herald; Post.* Chicago: *Record-Herald; Tribune.* Philadelphia: *Financial Bulletin; Railway World; North American;* Pittsburgh *Dispatch;* Washington *Post;* Louisville *Courier-Journal;* New Orleans *Times-Democrat;* Baltimore *Sun;* St. Louis *Post-Dispatch;* Cincinnati *Commercial Tribune;* Cleveland *Commercial Bulletin;* Memphis *Commercial Appeal.* Kansas City: *Star; Journal;* Dallas *News;* Houston *Post;* Seattle *Times;* Toronto *Globe;* Montreal *Star;* Minneapolis *Commercial West;* Birmingham *Age-Herald;* San Francisco *Journal of Commerce;* Denver *Post;* Atlanta *Constitution;* London *Statist.* Also from the Financial Reviews of leading banking and Stock Exchange houses, too numerous to mention.

The sources of items are indicated as follows: * Leading financial and investment publications. † Banking and Stock Exchange houses. § From official sources. Neither THE TICKER nor the above authorities guarantee the information, but it is from sources considered trustworthy. Owing to the vast amount of information condensed into these pages, many abbreviations are necessary.

Allis Chalmers.—*Co. is construct. for the Stone & Webster Engineering Corp. some of the largest hydraulic turbines or water-wheels ever built. Each turbine will prod. 20,400 horsepower, the greatest amt. of power ever supplied by a single water-wheel.

Am. Agri. Chemical.—*Recent weakness in pfd. may be accted. for in part by selling pool stk. held in N. Y. In part it also rep. some exch. of Am. Agri. for Inter. Agri. pfd. This new Co. is prac. a Morgan corcern and has commanded attention of inv. through success of N. Y. banking house placing 54,000 shs. of 7% pf. At price of 97½ this stk. showed income of over 7%, or more than 1% in excess of Am. Agri. 6% pfd. The combin. of these factors, together with some selling of pfd. by spec. int. to buy the com., is suff. to acct. for five-point decl. in last few weeks. Of 5,000,000 tons of fertilizers used an. in U. S., 3,500,000 is consumed in the South. The following official figures will show how this consump. has incr. in last 5 yrs. The figures are in tons:

State	1910	1905	Inc.
Virginia	342,473	279,282	63,191
N. Caro.	600,000	433,785	166,215
S. Caro.	900,000	404,557	495,443
Georgia	1,022,048	622,414	399,634
Florida	150,000	91,959	58,041
Alabama	408,246	290,000	118,246
Miss.	150,000	114,260	35,740
Total	3,572,767	2,236,257	1,336,510

†After investg. we find that liquid'n. is not caused by changed cond. from prop. standpoint, but rep. selling pfd. stk. and reinvestmt. into the common. Bonds of Co. are convert. into pfd., not common, and from character of buying of common, our belief is that divs. are near. *A director of Co. says that a fav. settlemt. of the potash controversy with German Gov. will result in decl. of initial div. on common stk.

Am. Beet Sugar.—*Co.'s earnings for nine mos. of fis. yr. will show 8% earned on com. stk. In other words, the three-quar. of this yr. will more than equal whole of last yr.'s earnings on the com. The last quar. showing depends on sugar market, but with contin. fav. conditions Co. should show 12% on the com. Notes outst. are being paid as rapidly as they fall due. cash surp. being loaned until notes' mat. By end of March entire floating debt will have been liq. Last yr. int. chges., plus int. on pfd. sold for part paymt. of certif. of indebt., totaled $155,210. This yr. they will be smaller and next yr. int. will be reduced to the 6% divs. on $910,000 pfd. treas. stk. issued. Dec. 1 Co. had 890 com. stkholders comp. with 680 in 1909, and 800 pfd. stkholders comp. with 650 last yr.—*Statemts. pub. in regard to Co.'s notes are unfounded and misleading. Repre. of Co. said that Co.'s finan. position is so strong that it can pay off all notes and distrib. 4% on the com. stk. out of this yr.'s earn. alone without touching prev. surp.

Am. Car & Foundry.—†While but very little improvemt. in the steel trade, because R. R. refuse to come into the market until the frt. rate question and corp. cases are decided, there has been quite a revival of activity in equipmt. Business has shown improvemt. within last two weeks. Plants oper. at full capacity. Recent orders recd. for 575 cars for the Great Nor., 450 coal cars for Ont. & West., 500 cars for Atch. in addition to order for 1,000 cars placed six weeks ago, and 100 box cars for Nash., Chat. & St. L.

Am. Ice.—*Report of Am. Ice Co., the oper. Co. shows gross earn. for yr. end. Dec.

31, $8,661,849, which is $49,079 less than the prev. yr. The cost of merch. and oper. expen. incr. from $6,584,038 to $6,971,538, making net $1,690,311, comp. with $2,126,890 in prev. yr. Other income $9,144, against $15,335 in 1909, total income was $1,699,455, against $2,142,225. Bond int., rents, chgs. for additions, bettermts. and other items incr. from $1,096,245 to $1,219,665, leaving net $479,790, against $1,045,-980 in 1909. Net prof. incl. $242,354 of subsidi. not yet paid into Treas. and equal 3.22 earned on $14,920,200 pfd. stk., against 7.36 last yr.

Am. Locomotive.—*Ont. and West. has given order to Am. Loco., as has the "Soo" line. The former calls for six consol. loco. and two switching engines, while "Soo' gets 15 consol. and 16 Pacific locomotives. (See Boston & Maine.)

Am. Steel Foundries.—*Co. is now prod. betw. 12,000 and 14,000 tons of steel products per mo., which is at rate of about 60% of an. capacity of 220,000 tons. Co. has only a limited amt. of orders on hand, suff. for six weeks' prod. at current rate. The vol. of new business coming in about approx. rate of prod., so that in absence of more acute depression in business, Co. should not find further curtailmt. necess. It is est. that the R. R. are now in the market for between 5,000 and 6,000 cars, and this Co. expects to receive its share.

Am. Smelters & Ref.—*Nego. pending for some time will prob. be concl., whereby Am. Smelting Co. will be dealt in on the London Stk. Exch. The stk. will not be listed now but simply have trading priv. now enjoyed by Amal. Copper Co.—*Trans. entailed by sale of $15,000,000 Am. Smelt. Sec. Co. bonds, for purpose of discharg. its debt to Am. Smelting & Ref. Co., which controls it, are now so complicated that no outsider can underst. them. It is thought doubtful if insiders underst. them perfectly. The bonds are conv. not into Co.'s own stk., but into Am. Smelting & Ref. common if and when they are quoted at par or higher, and they were offered to stkholders of the Smelting & Ref. Co. on subscrip. There is an underwriting synd. besides. The Smelting & Ref. stkholders have not signified their intention to subs. for all the bonds, wherefore it might be thought there was some function left for the underwriting synd. Now, however, it is rumored that Guggenheim Expl. Co., which in 1905 transf. part of its assets to Smelters Sec. Co. in exch. for $11,249,000 par val. of Smelters Sec. stk. (a maj. of which is already owned by the Smelting & Ref. Co.), will sell that stk. to the Smelting & Ref. Co. and invest the proceeds in bonds of the Smelt. Ref. Co. Where to?—*The Am. S. & Ref. Co. has filed an amended certif. of incorp., incr. capital stk. from $100,000,000 to $115,-000,000.

Atlantic Coast Line.—*In Oct. Co. did little better than hold its own with last yr.'s gross earns. Freight rev. fell off $12,000, but pass. gained $65,000 over last yr. so that gross had a narrow lead of $53,000. Total for mo. was $2,557,000, smallest gain made so far this yr. For the 4 mos.' period gross was $687,000 ahead of 1909. Expen. are mounting more rapidly than revenues. Oct. they were $139,000 more than that mo. yr. ago, so that net after taxes showed loss of $86,000. For the 4 mos. net was $2,302,000, a gain of only $92,000 from the $687,000 incr. business. Only a small part of higher expen. are due to maint. Trans. expen. were, however, consid. out of line, incr. $404,000, explained by higher wages now paid. So far this yr. surp. is almost exactly same as at end of Oct., 1909, which seems to indicate coming mos. will bring a small incr., but not enough to prevent incr. in div. to 7% if directors take matter up for consid. In 1909-10 road earned surp. of 12.3%, and paid 6% on its $57,000,000 stk.

Am. Tobacco.—*With decl. of incr. div. by Am. Snuff Co. to holders of com. stk., the earning power of Am. Tobacco and subsid. becomes apparent. During present cal. yr. Am. Tobacco disb. 40% in divs. to com. stkholders, an incr. of 5% over 1909. Although div. of Snuff Co. is not payable until Jan. 3, naturally it will be paid from earns. of 1910, which means a total div. of 27% for present yr. to holders of com. stk., in addition to the reg. 6% on pfd. Last yr. Snuff Co. paid 20% in divs. on its com., so that subsid. Co. shows an even greater percentage incr. than the larger Corp. A six-yr. period is taken. Common div. of Tobacco Co. have just doubled, while those of Snuff Co. have nearly tripled, showing only 10% in 1905.

Atchison.—†Reports of reduction in common div. are ridiculous. Atch. fell but eight-tenths of 1% short of earnin full yrs. common div. requiremts. in first 5 mos. of fis. yr. to end of Nov. A very conserv. allowance for "other income" is made, which is only item in income acct. about which doubt as to amt. can exist. Surp. avail. for common divs. in first 5 mos. was 5.18% on $165,563,000 common. For full requiremts. this fis. yr. it has only to earn one-sixth as much in 7 mos. to be heard from as in the 5 mos. reported.—*Nov. gross $9,983,068 showed incr. $354,539, or 3.6%. This follows incr. in Oct. 5.1% and Sep. 3.7% Net was $3,530,335, gain of $239,681, or 7.4%, against gains of 6.8% in Oct., and 5.8% in Sept. With 5% earned in less than half of yr., Atch. will this yr. run up a good margin over and above the 6% div.—§Co. decl. reg. quar. com. div. of 1½% payable Mar. 1st to stk. of record Jan. 31st.

Baltimore & Ohio.—§Pres. Willard has announced policy of retrenchmt. all along line, Only 40,000 tons rails will be ordered for yr., against 80,000 in 1910. The policy entered upon because of incr. expend. is all out of pro. with earnings. "We have to retrench consid. and have already placed some shops on reduced time. We have postp. electric lighting of fast trains and will not at this time widen vestibules of cars as intended. With exception only of safety to pass. and proper moving of freight, we will consid. nothing but economy. There are 12,000 B. & O. stkholders in Germany alone who were induced to buy stk. on distinct repre. that 6% div. would be maint., and I feel a moral respon. not to disappoint

them."—*Co. has been showing net losses for several mos., but Nov. brought the first gross decr. It amted. to $64,504. Loss in net was $686,558, equal to 27% and naturally looked upon as serious. For 5 mos. of fis. yr., gross is still $2,111,350 in excess of 1909, but net is off 12%, or $1,409,332. Unless Dec. shows effect of econ., Co. will end first half of 1910-11 with loss in oper. income of nearly $2,000,000. So far it has earned its mo. propor. of the 6% div.

Boston & Maine.—*The R. R. comm. approved issue of 106,637 new com. shs. at $110 per sh.—*Road has placed orders for engines which will involve expend. of $1,600,000. Am. Loco. gets contracts for 40 Pacific Locos. and 20 switching engines. The Baldwin Co. secured order for 40 engines.—*B. & M. shs. as well as of N. Y., N. H. & Hart. are peculiarly an investmt. sec. owned by stkholders. vitally dependent upon their div. checks for a living income. So long as prospect for red. rev. is only temporary, directors of either road will not consider reduct. in div. rates. B. & M. is up against a harder prop. than N. H., and directors make no secret of the fact that incr. in oper. expen., especially in matter of incr. wages, will compel road to show a deficit this yr. after paymt. of 6% divs. on com. stk. Retrenchmt. must soon force itself upon consid. of directors of each road, unless improvemt. in business causes change in program.—§Earnings Nov. gross $3,785,326, inc. $38,701, net $1,034,498, dec. $169,807; 5 mos. to Nov. 30 gross $20,001,219, inc. $681,391, net $5,727,053, dec. $790,660.

Brooklyn Union Gas.—*Gross earnings in 1910 were nearly $9,000,000, against $8,383,346 in 1909. Amt. appl. to divs. after all chgs. about $2,100,000, equiv. to 11.6% on its $18,000,000 stk., of which Wm. Rockefeller is credited with owning more than 51%. Total amt. paid in divs. last yr. was $1,080,000.

Canadian Pacific.—§The Co. announced that in view of the position of the land acct. and other assets of the Co., distrib. from these sources, beginning with the next quar. div., will be at rate of 3% yrly., instead of 1%, as has been the case heretofore. The stk. of the Co. is thus placed on pract. a 10% basis.

Central of New Jersey.—*Directors decl. regular quar. div. of 2%, and an extra 2% div., payable out of earnings of Lehigh and Wilkes. Coal Co. This is the third extra div. paid to J. C. shholders out of coal co.'s profits; Reading benefits to extent of $290,000 on its sh. holdings of Jer. Cen.

Central of Georgia.—§Supreme Court of Georgia handed down opin. affirming decision of the master, that full 5% int. on 2nd and 3rd income bonds was payable out of earnings for fis. yr. end. June 30, 1907. This opinion will end the long litigation and is likely to stand as a precedent in similar action which bondholders are prepared to bring covering subseq. yrs. For fis. yr., on oper. of which action of bondholders was brought, co. paid the full 5% on $4,000,000 1st pfd. incomes, and 3.729% on $7,000,000 2nd, but none on the $4,000,000 3rd. Int. on bonds has not been paid since that time. The findings, now affirmed, were that $1,321,934, made up prin. by net income on hand of the Ocean Steamship Co., all of whose stk. is owned by Cen. of Ga., was avail. for the incomes, whereas for all three classes only $750,000 was required.

Central Leather.—*Co. has decided to take the bull by the horns. Partial curtailmt. not having proved effective for high-priced hides and low-priced leather, the co. has shut down all of its 75 to 80 tanneries. No def. time for contin. closing has been set, which means that co. will not resume oper. until it is possible to do business without loss. It has been more than 18 yrs. since the business witnessed such a radical step. Co. normally prod. annual business of $65,000,000, and is the largest industrial corp. doing business in Boston. In 1892 the leather business got into such a rut at the then existing spread betw. hides and leather meant such losses that curtailmt. became general. One result of this curtailmt. was formation of present U. S. Leather Co., to be later conv. into Central Leather. For mos. the sole leather business has been cutting down rate of prod. Last Sept. co. was oper. under 60%, with four or five tanneries entirely closed down. Curtailmt. has been pushed to under 50% and is now followed by absolute shut-down. It is needless to say that the score or more independ. tanners will prob. follow the lead. In 1909 the sole leather tanners turned out $125,000,000 of leather of which about 55% was the prod. of the big co. The tanners realize that there has been overprod. as well as high-priced hides and they themselves are in part to blame for present unsatis. condition.—§A leading stkholder says: "Holders of the $33,159,800 pfd. need have no anxiety lest present shutting-down will jeopardize their 7% div. Co. is splendidly equipped with cash and net quick assets and has in addition a surp. acct. equal to consid. more than a full yr.'s div. on pfd.

Chgo. & Alton.—*During first third of fis. yr. Alton did largest business of its career, incr. gross $357,543, or 7.30%. As co. has earned $235,913 for divs. in 4 mos., it must earn surp. of $581,019 during remaining 8, or $72,500 a mo., in order to meet the 4% div. requiremts. for yr. on its pfd. and prior lien stks. In corres. 8 mos. of 1909-10 Alton earned $691,661, and two yrs. ago $624,464, so with gross running at highest figure, with season for heavy maint. expend. past, the road's chances for earn. full div. in 1910-11 appear to be good.

Chgo. Great Western.—§Co. reports from July 1 to Nov. 30—Freight rev., $3,797,563; pass. rev., $1,332,266; other transp. rev., $361,358; non-transp. rev., $47,376; total oper. rev., $5,538,563; maint. way and struct., $669,078; maint. equipmt., $798,902; traff. expen., $238,130; transp. expen., $2,088,161; gen. expen., $177,746; total oper. expen., $3,972,015; net

oper. rev., $1,566,548; total outside rev., $1,791; total net rev., $1,568,339; taxes, $164,114; oper. income, $1,404,225.

Cleveland, Cin., Chgo. & St. Louis.—§Co. decl. usual quar. div. of 1¼% on its pfd. stk., payable Jan. 20 to stk. of record Dec. 30.

Chgo., Mil. & St. Paul.—*The yr. 1910 was eventful for St. P. It opened with the Northw. in grip of the worst weather there in a gener., as result of which all roads in that territory lost about $20,000,000. St. Paul's pro. was around $3,000,000. As result, gross earn. were close to $5,800,000, a gain of $730,000, while net was over $2,000,000, an incr. of $170,000. Puget Sound's gross exceeded $1,000,000 and net approx. $445,000. Since then earn. of both roads have been good. To Nov. 1 St. P. has held its gross at moly. avge. of about $5,800,000 and net $1,600,000. Puget Sound has done still better rel., maint. moly. avge. of $1,235,000 gross and $580,000 net. St. P. ended fis. yr. with $64,800,000 gross, an incr. of $5,000,000 and $17,500,000 net after taxes, a decr. of $1,200,000. In view of these returns an. report, issued in Sept., showed bal. of about $2,500,000 over div. requiremts. Analysis showed, however, that this incl. other income several items applying to prior periods and more appro. for entry in profit and loss acct. than in the income statemt. Actual earning power of St. P. during 1909-10 fis. yr. was about $1,000,000 over divs. The most fav. developmt. during yr. was the large earning power of Puget Sound exten. This road in 11 mos. to June 30, piled up $10,765,000 gross and $5,255,000 net after taxes. In these 11 mos. Puget Sound earned not only chgs. but 2.20% on $100,000,000 stk. If next 6 mos. are mod. fortunate, most of the danger of having to red. div. rate will have passed. In best 4 mos. of new fis. yr. which began July 1 last, St. P. accum. surp. equal to $285,000 more than its accrued int. and divs. During yr., $7,500,000 of new equipmt. was purch., to say nothing of that manuf. at its own shops.—*Comment was excited by splendid showing, in comp., of the Puget Sound extent., an incr. in gross for Nov. of $447,481 and a gain in net of $105,782. St. P. proper shows decr. in gross at $193,906 and a decr. is net of $763,890. For the 5 mos. end. Nov. 30 incr. in gross of $547,711 was turned into the very large decr. in net of $1,680,227.

Chgo. & Northwestern.—†Nov. gross earnings, $6,728,750; inc., $33,741; net, $2,150,835; inc., $90,923. Five mos. to Nov 30th, gross, $34,479,078; inc., $654,352; net, $10,921,633; dec., $657,810.

Consolidated Gas.—*Co.'s yr. ends with close of Jan.. An. report will make fine showing. Both gas and electrical dep. have been exceedingly prosperous. Co. is in excellent position finan. For 3 yrs and 9 mos. Co. paid 4% divs. In order to make total rate for this entire time 6%, an extra or special div. must be decl. of 7½%, equal to $7,483,800 on $99,784,000 stk. now outst. Last yr. Co. reported earn. approx. 6.75%. This incl. but part of surp. earn. of subsid. Cos., some of which are owned absolutely by parent Co.—†Gross earn. for 1910 approx. $14,000,000 comp. with $12,680,000 in 1909. Stkholders, will, it is reported, shortly receive addl. return on their holdings. Should N. Y. Edison Co. incr. quar. div. rate at meeting on Jan. 23d next from 1½% to 2%, as is expected, and said rate be maint. during 1911 yr., Con. Gas, owner of bulk of Edison stk., will rec. more than $4,000,000 or at rate of 4% on its own $100,000,000 of stk.

Colorado & Southern.—*Nov.'s gross rev. $1,000 less than that mo. of 1909. Expen. and taxes incr., leaving net $587,000 against $616,000 for Nov. last yr. Surp. after chgs. was $346,000, comp. with $430,000 in 1909, $313,000 in 1908 and $337,000 in 1907. In 5 mos. rev. were $7,566,000, a gain of $330,000 but expen. and taxes incr. $440,000, which with decr. in other income and incr. in chgs., left surp. $1,416,000, comp. with $1,705,000 last yr. Deducting 5 mos.' deficit on controlled lines would leave actual surp. $1,190,000.

Corn Products.—†Directors meet shortly for div. purposes, and there is no reason to change regular quar. rate of 1%. However, Co. is barely earning its div. at present time. Business has been good for two mos. past, and Co. is consuming more corn than at any prev. time. About 112,000 bu. being ground daily, the max. capacity of all the plants. It is owing to small margin of prof. on its prod. that net is relatively low. In order to maint. its share of business, Co. has been forced to keep prices consid. under those of yr. ago. The fis. yr. ends Feb. 28th. In last fis. yr. bal. after paymt. of pfd. divs., amted to $572,000. It is expected that bal. this yr. will be very much smaller.

Denver & Rio Grande.—*Denver's record of 5% pfd. divs., which dates back to 1901, in face of heavy oblig. assumed in regard to the Western Pac., is a distinct triumph for Pres. Jeffery. Oper. in a mountainous region and contending with traffic conditions few other Cos. would care to attempt. Gross earns. have been built up from $8,800,000 in 1892, the first yr. Mr. Jeffery became Pres., to $23,500,000 in 1910. In same period gross per mile oper. incr. from $5,360 to $9,270, while mileage oper. incr. from 1,640 to 2,541. In connection with Western Pac., Pres. Jeffery's genius has chiefly displayed itself. For 20 yrs. he had plans for an exten. to Pacific coast in mind. Entire 925 miles have now been compl. without donation of an acre of land or a subsidy of any kind. In fact, the Gov. opposed extension through public domain in every way.—†Nov. gross earn., $2,210,051; inc., $92,996; net, $681,996; inc., $65,632; 5 mos. to Nov. 30th, gross, $11,002,248; inc., $446,803; net, $3,434,047; inc., $52,222. (See Western Pac.)

Delaware & Hudson.—*By end of cal. yr. co. will have earned 15.2% on capital stk. In 1909, 12.22% was earned; in 1908, 12.39%; in 1907, 15.25%, and in 1906, 12.28%. Divs. for 1910 were 9%. Paymts. in 1911 will be 9%, or $3,825,180. If any conv. are exch., new stk. issued in conv. will also receive 9% divs. Road will show this cal. yr. the largest gross in history. If avge. earn. of 10 mos. are contin.

through yr., gross will total $20,560,000. Comp. with $19,525,859 in 1909, $18,500,731 in 1908, $20,175,794 in 1907, $17,050,029 in 1906, and $16,382,074 in 1905. Expen., however, incl. taxes, will amt. to approx. $11,700,000, leaving net about $8,860,000. This is a larger net than in prev. banner yr. 1907, when net was $8,399,-579. Other recent yrs., $6,771,819 in 1906, $7,-689,010 in 1908 and $8,067,380 in 1909. Net earn. from Hudson Coal Co., are expected to run betw. $800,000 and $1,000,000. Last yr. only $505,875 was shown, but each of the 3 prec. yrs. ran well above $1,100,000. With other income of $1,800,000 and deductions, incl. taxes, of $5,200,000, bal. appl. to divs. in 1910 will be about $6,460,000, equiv. to 15.2%.

Distillers Securities.—§Co. has decl. the regular quar. div. of ½ of 1%, payable Jan. 31 to stkholders of record Jan. 10.

Erie.—†Good showing in early mos. of fis. yr., gross for 5 mos. to end of Nov. was $1,178,100 or about 5% ahead of last yr. Altho co. expended approx. $300,000 more for maint. in the 5 mos. than for the same period a yr. ago, net earns. incr. $161,000, while ratio of working expen. to gross amted. to 70.9% comp. with 70.2% last yr.

General Chemical.— *It is expected co. will show earns. larger than 1909, the best prev. yr., when net prof. were $2,199,692. An official states business is fully as good as last yr., or $2,220,000 at least in 1910. This yr. co. paid full 6% on the cumu. pfd. stk., and incr. com. div. from 4% to 5%, besides giving a 10% stk. div. in Jan. to make up for 1904 and 1905, when no divs. were paid on the com. Even should net profits be as large as last yr., it does not mean that percent. earned on com. would be as large as that of 1909 on acct. of incr. pfd. stk. this yr. Thus with same prof. as in 1909, co. is expected to earn about 17.77% on common after pfd. divs. are paid at 6% on $12,500,000.

General Electric.—*Official details are not available, but it is underst. that co. for fis. yr. end. Dec. 31 will show surp. for divs. after depreciation chgs., etc., approx. 16% on its $65,179,600 outst. stk. Gross sales for 12 mos. will prob. be slightly in excess of $70,000,000 and net after allowing for oper. expen. and depre. should approx. $13,000,000. In other words, gross sales this yr. will be largest of any yr. except 1907, when sales amted. to $70,-977,168. Net earns. for 1910, it is said, will be close to 20% on outst. stks.—*Gen. Elec. has this week taken the largest order for street railway apparatus ever booked by an electrical concern. The order calls for 1,000 car equipmts. for the Chgo. City Rs. and totals close to $2,000,000. An incr. of $10,000,000 in 1911 gross sales is quite prob.

Great Northern.—§Co. has decl. the usual quar. div. of 1¾% on stk., payable Feb. 1 to shareholders of record of Jan. 12. Trans. books do not close. Earns. mo. Dec., gross, $4,558,841; inc., $738,955. From July 1, gross, $34,372,569; dec., $525,938.

Illinois Central.—*Co. has paid into State treas. of Ill., as tax on charter lines, for 6 mos. end. Oct. 31, $610,000, making total paymt. $1,217,900 for yr. The tax is 7% of gross earns.—†The incr. in gross comp. favor. with the early mos. of fis. yr. Nov.'s incr. amted. to $288,000, Oct., $316,000; Sept., $418,000; Aug., $354,600, and July, $380,000. Net earns. cannot show such a good record, for, whereas incr. of $551,000, $338,500 and $353,200 were shown for July, Aug. and Sept., respect. Nov.'s incr. amted. to but little over $50,000. Summing up results for 5 mos. to end of Nov., it is seen that gross incr. $1,757,000, or 7.2%, while net incr. $1,483,000, or 30.6%. In fis. yr. end. June 30 last, co. earned div. requiremts. with but a small margin to spare. Annual divs. at 7% require $7,650,000. Figuring other income and chgs. on same basis as last yr. the road earned nearly 7 mos. divs. in the 5 mos. to end of Nov. Earns., Dec., gross, $5,276,106; inc. $322,201. From July 1, gross, $31,454,637; inc., $2,079,851.

Int. Harvester.—*Co.'s fiscal yr. ends with Dec., and was the best yr. in co.'s history. Of the $90,000,000 gross to be revealed, the foreign trade will contrib. approx. $35,000,000, and has shown incr. each yr.—†After lib. allowance for depre., etc., there will be left net prof. of about $16,000,000; an incr. of $1,107,-260 over prev. yr. Deducting $4,200,000 paid to pfd. holders during yr. leaves bal. of $11,800,-000, or 15% on the $80,000,000 common. This comp. with 13.37% in 1909; 7.80% in 1908, and 6.54% in 1907.—*No other corp. has as large a working capital, in pro. to capital and gross business. At the close of 1909 co. had net liquid assets of $93,073,370.

Interborough Met.—†A plan is now before the Pub. Serv. Comm., which prov. for the $12,500,000 Met. St. Ry. 5s, receiving 50% new 1st Mtg. 4s, and 100% new 5% inc. bonds upon which it is planned to pay 3%. The $16,-000,000 Met. Ref. 4s will rec. 25% in new 1st Mtg. 4s, and 75% in new 5% inc. bonds. The above works out market val. of about 95 for old 5s, now selling under 80, and 61 for old 4s, now selling around 48. The stk. will have to stand assessmt. of $15 per sh., but this stk. is prac. all held by Inter. Met.—*Gross for Dec. showed largest gain of any mo. in the first half of fis. yr. end. Dec. 31. The gain was $117,000, which comp. with Nov. incr. of $97,-000, and a gain for entire prev. 4 mos. of but $144,000. The 6 mos.' incr. was about $360,-000, or at rate of slightly more than $700,000 per an., which comp. with gain during fis. yr. end. June 30, of $2,463,253, or 9%. In other words, for the first half yr. has been incr. its gross at rate of but about 2½%, comp. with over three times that rate last yr.—*Failure of Inter.-Met. to meet the necess. $10,000,000 assessmt. on stk. of the Met. St. Ry. will prob. mean buying in and oper. the prop. at forecl. by Stone & Webster. The Inter.-Met. Co. has contin. refused to confer with the reorg. committee. Tiring of long delay, the committee arranged with Stone & Webster to do the necess. finan. in case the holding concern balked at the last moment.—*To provide est. cash requiremts. of $10,000,000, holders of $4,000,-000 improvemt. notes and of $52,600,000 stk of the Met. St. Ry. Co. will be assessed $17.67

per $100 of debt or stk., receiving therefor amt. of new adjustmt. bonds at par equal to sum paid, and 25% in new stk.—*The forecl. sale of Met., scheduled for Jan. 5, has been postponed to Feb. 16, upon petition of reorg. committee.

Int. Paper.—*An import. devel. in last mo. has been closing of new contract with its largest customer for another yr. This takes between 18% and 20% of co.'s prod. or about 300 tons of newsprint per day. The old contract has been filled for last yr. or two at either no profit or at times a positive loss. The new contract insures a gain of betw. $600,000 and $700,000 per an. and a large percent. of this is net profit. The pfd. stk. is easily earning at rate of betw. 6% and 7%.—§Co. has declared usual quar. dividend of ½ of 1% on pfd. stk., payable Jan. 16 to holders of record of Jan. 5.—†For a yr. past it has been apparent co. has been emerging from period of unsatis. business. To strengthen plant and cash resources during several lean yrs., co. has made liberal use of earn. In 11 yrs. to June 30, 1910, co. has paid in divs. about $12,770,000, and retained for business surp. $7,200,000, besides making chg. of $825,000 for bond disc. during 1905 and 1907. About 11% of unpaid divs. have accrued on pfd. stk. to date since div. was red. in 1908. With oper. at full cap., it seems prob. that div. will be gradually incr. from present 2% to the full 6% rate, with later attention to accrued divs..

Kansas City Sou.—§Nov. gross earnings $921,558; inc., $89,301; net, $328,029; inc., $28,815.—†The prospects of good earns. this yr. are such as to warrant better val. for its common shs. Earnings of 5% are again in sight for current yr. Like other roads in Southwest, K. C. share of prosperity has been held back by State reduct. in rates and new restrict. in oper. The handicaps imposed have now been met and apparently absorbed in larger gross business and incr. efficiency.

Lehigh Valley.—*The common stock is now on a 10% basis. The amt. of common stk. entitled to divs. this yr. is $60,555,350, instead of $40,334,800 last yr. The rate is 10% instead of 6%. Thus divs. will req. $6,055,535, instead of $2,420,088. The L. V. Coal Co. has never paid divs. to the R. R., nor even int. on the $10,537,000 certif. of indebt. to the road, although net income for 1910 yr. amted. to $1,136,543, and the credit to profit and loss is $3,393,442. A distrib. by the Coal Co. is possible, and would, of course, enable the R. R. to show a larger bal. for the stk. In view of general trend of earnings, the decision in favor of 10% instead of 12% rate would seem the part of wisdom.

Louisville & Nashville.—*Earnings 4th week Dec., gross, $1,472,700; inc., $127,041. From July 1, gross, $27,956,284; inc., $2,007,026.

Minneapolis & St. Louis.—*Co. has decided to pay off at mat. $1,000,000 of its $5,000,000 5% gold notes, due Feb. 1, 1911, and to offer to extend remaining $4,000,000 notes to Feb. 1, 1913, at 5%. The new notes to be sub. to redemp. at par and int. on 60 days' notice. The $4,000,000 notes will be secured by same col. as is now pledged for total $5,000,000 issue.

Missouri, Kan. & Texas.—*Nov. statemt. was one of the best made, and by far the best mo. of this road in present fis. yr. Gross incr. amted. to $538,134, equal to 20%. The net gain was $445,464. This was 140% incr. over 1909. Increase in gross reflects the new mileage of Texas Central.

Missouri Pacific.—§The first report of M. P. since new consol., show. results of oper. and those of St. L., Iron M. & So. for yr. end. June 30. Bal. sheet shows total current assets $55,972,130, of which $2,275,518 was in cash comp. with $6,933,602 cash on hand and in transit at close of yr. prev. Working liab. June 30 amted. to $9,207,901, which comp. with over $18,957,000 in the yr. prev. Profit and loss surp. stood at $16,655,587, against $17,971,530 last yr. Bal. of surp. over chgs, etc., is equal to 3.31% on $83,251,000 stk. outst. as comp. with 1.33% earned on $79,753,985 stk. outst. in yr. prev. Freight earn. for yr. were $38,201,784, incr. $4,921,302. Total expend. for bettermts. and additions to prop., $8,012,135. Expend. for maint. of way and structures showed incr. of $1,000,375, while expend. for maint. of equipmt. rose $644,981. Funded debt outst. in hands of public at close of yr. was $139,044,500. Certain bonds were assumed by the St. L., Iron M. & So. in acq. subsid. lines, and on June 30, 1910, its funded debt in hands of public was $120,063,534. During yr. there were 309 new indust. plants establ. contiguous to the system which gave promise of 103,000 carloads of business annually.—§Nov. gross earnings, $5,972,746; dec., $717,689; net, $2,477,737; dec., $183,986.

Minneapolis, St. Paul & S. S. M.—*Bankers are offering Minn., St. P. & S. Ste. Marie Ry., 4% leased line stk. certif., issued in exch. for equal amt. pfd. stk. of Wisconsin Cen. Ry., dep. under trust agreemt., on which the "Soo" line unconditionally agrees to pay at rate of 4% per an. for 98 yrs. The income acct. of the "Soo" Ry. for fis. yr. end. June 30, 1910, shows surp. of $4,400,442 over all fixed chgs., incl. int. on leased line certif. or over nine times the chge. on $11,143,100 outst. certif. They are listed on N. Y. and London Stk. Exch.—§Earnings, Nov., gross, $1,209,891; dec., $403,775; net, $450,190; dec., $372,736. From July 1, gross, $6,161,759; dec., $1,385,948; net, $2,350,834; dec., $1,307,368; 4th week, Dec., gross, $478,678; dec., $6,228. From July 1, gross, $11,876,999; dec., $748,865.

N. Y. Central.—§Co. has decl. regular quar. dividend of 1½%.—*Earnings for Nov., gross, $8,511,068; dec., $9,889; net, $2,276,739; dec., $540,799. From Jan. 1, gross, $91,452,932; inc., $6,293,524; net, $24,198,838; dec., $2,087,402. Earnings of all lines, Nov., gross, $25,958,754; dec., $177,639; net, $5,076,961; dec., $2,279,516; net, $59,300,893; dec., $5,174,884. N. Y. Stk. Exch. has listed. Guaranty Trust certif. for $30,000,000 N. Y. Cen. lines equipmt. trust, also listed.—*Lake Shore & Mich. So. Ry., $8,927,000 addi. 4% 25-yr. bonds, due 1931. Comm. is further empowered to add prior to

Jan. 1, 1911, $6,073,000 addl. of said bonds on notice of sale and deliv., making total auth. $50,000.000.—†Co. earned bal. for divs. fis. yr. end. Dec. 31st last about $15,000,000 or about ¾% in excess of its 6% div. rate. Announcemt. is expected in near future of sale of $40,000,000 of bonds to prov. funds to carry on improvemt. work.

N. Y., New Haven & Hart.—*Gross earn. are showing incr. of but $2,000 to $3,000 per day as comp. with recent daily incr. of $10,000 to $12,000. Oct. statemt. shows incr. in oper. rev. of $152,000. Gross for first 4 mos. of fis. yr. incr. $1,076,842, but gain is more than counterbal. by still larger gain in oper. expen. the latter incr. amting. to $1,159,000. The cost of doing the business having resulted in net loss of $82,137. Tax. burdens for first 4 mos. make net loss in oper. rev. for this period, $197,000.—*The conv. priv. attaching to $30,000,000 conv. 3½s accrues, Jan. 2nd. Conv. ratio is $150 par of deb. for each $100 par of capital stk., with right of conv. until Jan. 1, 1916. If all the bonds are turned into stk. it will create an additional $20,000,000 stk. bringing total over $180,000,000 and incr. div. paymts. by $550,000 per an.

Northern Pacific.—†Co. has inaug. a vigorous policy of retrenchmt. to keep down oper. costs, and prac. all new construct. work is at a standstill temp. Not only this but in the 4 mos. to end of Oct. last $700,000 was cut off expend. for maint. comp. with a yr. ago. In fis. yr. end. June 30th last, co. had a bal. of $4,396,000 for divs., which comp. with surp. of $7,534,000 in the 1909 yr., and $9,043,000 in 1908.—§Co. has decl. the regular quar. div. of 1¾%, payable Feb. 1 to holders of record Jan. 12.

Norfolk & Western.—*Under policy to extend lines into new territory earn. for first 10 mos. of this yr. are much in excess of same period in past yrs. Gross incr. 15.84% and despite incr. in oper. expen. of 19.16%, net shows adv. of 10.88% over last yr. Fixed chgs. and taxes for 10 mos. incr. 4.25%, and 11.94% respect., while surp. avail. for divs. is nearly 15% more than last yr.—§Nov. gross earnings, $2,967,714; dec., $22,639; net, $1,020,820; dec., $272,719; 5 mos. to Nov. 30th, gross, $15,559,089; inc., $1,015,730; net, $5,859,601; dec., $27,505. (See Penn. R. R.)

Pennsylvania.—§The Penn. Co. declared semi-an. div. of 4%. A yr. ago 5% was decl. This stk. div. decl. in. Jan. incr. stk. from $60,000,000 to $80,000,000, all owned by the R. R. Co. As this yr.'s div. is 7% on $80,000,000, while last yr. was 8% on $60,000,000, the Railroad received $5,600,000 comp. with $4,800,000 in 1909.—†Quar. div. to be decl. Feb. 1st will be payable Feb. 28th to stk. of record Feb. 1st. —†Report for fis. yr. will show that within last yr. Penn. acq. add. 90,000 shs. of Norfolk & Western com. and pfd. stk., and now owns about 64%.—*Co. has invited bids for 1,000 mostly all steel hopper coal cars.—§Nov. gross earnings, $13,535,075; dec., $622,477; net, $4,416,735; dec., $1,058,531; 5 mos. to Nov. 30th, gross, $68,785,177; inc., $905,170; net, $21,589,273; dec. $2,609,334.

Pere Marquette.—*Nov. statemt. exhib. the smallest gross of current fis. yr., excepting July, and net fell below any of the prev. mos. Gross, however, was in excess of corres. period of 1909 by $5,739 or 0.4%. On other hand, oper. expen. were $126,713 greater than in same mo. of 1909, so that total net rev., after addition of income from outside oper., decr. $142,687, or 31.2%. Taxes were $11,823 more, which made further decline in oper. income amting. to $154,510, or 37.7%. The deficit for the mo. was $77,738, and is attrib. to incr. expen. of oper., rather than to advance in fixed chgs. In Nov., 1909, co. showed surp. of $110,421, and $32,251 in 1908.

Reading.—†It is underst. that all the directors believe that it would be inadvisable to decl. an extra div. at this time, altho. road could well afford to pay it. At close of last fisc. yr. accum. surp. amted. to approx. $33,000,000, while earn. since close of fis. yr. have been largely in excess of div. requiremts. —*Reading owns $14,500,000 of Jersey Cen. $27,436,800 stk. and recd. $580,000 from extra divs. of 4% decl. last fis. yr. At flat rate of 8% paid per an. by J. C., Reading received $1,160,000, but now annual inc. totals $1,740,000.—§Reading decl. regular semi-an. div. of 3% on com. stk., payable Feb. 1 to stock of record Jan. 14.—*N. Y. Stk. Exch. has listed $4,110,000 addl. Reading Co. and Phil. & Reading Coal & Iron Co. gen. mtg. 4% bonds. due 1997, making total listed to date $79,812,000.

Republic Steel.—†Gross business in 1910 yr. amted. to $28,296,266, incr. of 27.5% over 1905 fis. yr., net, in same period, grew from $1,857,733 to $4,227,369, an incr. of 127.5%. From a non-div. payer six yrs. ago, co. has adv. to point where in last fis. period disb. to shholders. totalled $1,669,796. Expend. for depre. and bettermts. in 1905 amted to $153,531 comp. with $901,847 in yr. end. June 30th last, an incr. of more than 487%. In regard to growth of manuf. it is only necess. to note that since close of 1902 fis. yr. prod. of ore has incr. from 539,613 tons to 2,050,224 tons, or at rate of 283.2%; pig iron output incr. from 376,297 tons per an. to 793,962 or 110.9%; prod. of coke last fis. period amted. to 670,018 tons comp. with 149,699 tons in 1902, a dif. of more than 354%, while output of finished prod. has been incr. almost 44% in same length of time. The bal. of net quick assets at end of June. 1910, totalled $12,785,590—an amt. exceeding co.'s entire outst. bonded debt.

Seaboard Air Line.—*Road made a better showing in Nov. statemt. than most cos. Gross incr. $158,754 and net $34,379. The incr. in gross of $627,942 from July 1 to Nov. 30 showed that co. is doing a large business, and conditions are good. The net for that period. however, because of incr. oper. exp., was only $31,354.—†Rumors are heard that synd. is being formed to underwrite $20,000,000 of 4% bonds at 80 flat, netting co. about $16,000,000.

Sloss Sheffield.—†The annual report soon to be issued will show that fis. yr. was one of the poorest in history of co. Figures obtainable only for the six mos. ended May 31st last

which showed prof. for that period amted. to $562,596, a decr. of $211,465 from the corres. six mos. of last yr. The surp. after int. and taxes for that period amted. to $448,596, a decr. of $192,865.

Southern Railway.—†The net gain in Nov. amted. to $79,565, comp. with incr. of $1,039 for Oct., $4,956 for Sept., $86,178 for Aug., and $9,101 for July. Total incr. in net for the 4 mos. amts. to $180,800 or 2.3%. Incr. for Nov. over same mo. last yr. amted. to $262,300 or 5.1%, $145,159 for Oct., and $189,000 for Sept. Last fis. yr. co. earned surp. for divs. 9½% on $60,000,000 pfd. stk. Making liberal allowance for fixed chgs., co. earned surp. for pfd. divs. at rate of over 10% in the five mos. to Nov. 30th. There seems to be some reason to hope that pfd. divs. will be resumed.

Southern Pacific.—†Annual report, besides showing surp. of $18,178,549, after paying the 6% divs. amting. to $17,238,347, gives compl. inform. respecting vast resources. The imp. features are: As of June 30, 1910, S. P. has become a billion dollar corp., the bal. sheet showing $1,064,000,000. Profit and loss surp. is $135,205,313, equal to about one-half capital stk. Adv. for const. of Mexican lines, as of June 30 last, $35,965,602, being owned by So. Pac. R. R. of Mexico. No int. on these adv. taken into income acct. or assets. In add. to oper. system, co. owns stks. of other cos. to par val. of $77,500,000. S. P. is not regarded as an investmt. co., but holdings incl. 51% ownership, or $20,069,003 in Associated Oil Co.; also $17,500,000, rep. 50% ownership in Northw. Pac., which oper. 400 miles of road; a 50% int. of $10,000,000 in Pac. Electric Ry., oper. interurban lines in So. Cal.; a 50% int. of $2,250,000 in Los Angeles Ry.; a 50% ownership, or $5,400,000, in Pac. Fruit Exp. Co., and a 51% ownership of $10,010,000 in Pac. Mail Steamship Co. The investmts. in stk. of Wells Fargo & Co.'s and Mex. Inter. R. R., sold during yr. at combined profit of $7,148,165. Holdings of bonds of other cos. aggre. par val. of $35,000,000, and incl. $8,046,000 bonds of Asso. Oil Co., $4,510,000 bonds Los Angeles Ry., $5,694,000 bonds of Northw. Pac. R. R., $770,000 bonds of Pac. Electric Ry., and $5,000,000 bonds, Mexican currency, of the U. S. of Mex. There are also adv., excl. of those to So. Pac. R. R. of Mex., consisting of $12,103,948 to electric lines in Cal., $4,086,700 to Kern Trading & Oil Co., and $1,165,212 to Pac. Fruit Exp. Co. On liab. side, evidence shows that S. P. will be in the market for new funds when conditions permit, as prac. no net incr. in stk. or bonds issued was made last yr., and cash assets were used for new lines and bettermts. The concl. naturally made is that, notwithst. it has been on a div. basis less than five yrs., the stk. is one of the very strongest of standard R. R. §N. Y. Stk. Exch. has listed $15,000,000 So. Pac. Co. San Fran. Term. first mtg. 4% bonds, due 1950, with auth. to add $4,000,000 addl. bonds on official notice of sale, making total auth. to be listed $19,000,000.

St. Louis Southwestern.—†In 1st 4 mos. of present fis. yr. to end of Oct. road earned surp. of $521,714 over all fixed chgs. and taxes incl. 4 mos. int. on 2nd inc. bonds. Co. is now paying 4% on pfd. stk., and div. requiremts. amt. to $795,744 per an., so that co. earned 65% of full yr.'s div. in the first 4 mos. The surp. shown, however, is $142,300 less than same period yr. ago. Gross business is showing satis. incr., being $305,000 or 8% larger in the 4 mos. than last yr. Co. has not yet granted incr. in wages, and maint. chgs. are only $80,000 larger than last yr., but working expen. incr. $411,363, conv. gross incr. of $304,000 into net loss of $106,000. Nov. gross earnings $1,209,702, inc. $127,253; net $382,758, inc. $76,973.

Texas & Pacific.—*Although for first 11½ mos. of fis. yr. from Jan. 1 to Dec. 14, R.'s gross earn. incr. $1,333,469 over corres. period of 1909, officials of co. expect to see very litttle incr., if any, in yr.'s net rev. This failure to reflect improvemt. in gross is due to generally prev. incr. costs of oper. from which Texas roads seem to suffer more severely than those in other sections. Rumored Phelps, Dodge & Co. will acquire control.

Third Ave.—*Bondholders' comm. has appealed to the Supreme Court for review of the reorg. plan of the co. as rejected by the Pub. Serv. Com.—†Receiver submits report showing gross earn.for yr. end. June 30th last $6,085,449 and net $1,934,468. In report he severely arraigns Pub. Serv. Com., which body, he states, has cost co. more than $150,000 to date.

Toledo, St. Louis & Western.—*The last div. on Alton common was paid Feb. 15, 1910, and since that time Toledo has declared four divs. on its pfd. stk., which seems to indicate the intention of directors to maintain the 4% rate of pfd. whether they receive any income on Alton holdings or not. Yet recent earn. of Toledo has not been much in excess of div. requiremts. For the 1st 4 mos. of current fis. yr. the road reported surp. after chgs. and guar. divs. $58,133, to which may be added $86,400 accrued divs. on its Alton pfd., making total avail. for div. $144,533. 4 mos. propor. of the 4% div. on cos. $10,000,000 pfd. stk. calls for $133,333, which, deducted from bal. reported, leaves $11,200 surp. A yr. ago corres. surp. was $39,740.

Twin City Rap. Transit.—*The fis. yr. ending Dec. 31 shows further subst. improvemt. in earning power. The 6% div. rate on common stk. in effect since last Jan. is made still more secure. In 11 mos. to Dec. 1 bal. for common was 9.1%, comp. with 8.2% in corres. period of 1909. Gross for 11 mos. incr. 8.3% and net 5.8%. The smaller incr. in net was due to an 11% adv. in oper. expen. Gross for full 12 mos. will exceed $7,500,000, comp. with $6,969,775 in 1909. Net will approx. $3,875,000, against $3,675,148 last yr. The vol. of business has expanded steadily. In Jan. last the quar. distrib. on common was advanced from 1¼% to 1½%, placing stk. on a 6% basis, which rate is a fixture for some yrs. to come.

Union Pacific.—†Co.'s net earn. in Nov. made a better comp. with yr. ago than in any

prev. mo. of this fis. yr. The decr. of $200,000 comp. with $737,000 for Oct. and $351,000 for Sept. Altho. oper. ratio for 5 mos. was 55% of gross comp. with 48% last yr., co. is getting a better grasp on expen. An exten. policy of retrenchmt. has been inaug., now gradually being felt. Working expen. in Nov. were but 53.2% of gross, Oct. was 54.5%, Sept. 54%, and Aug. 56.1%. But, notwithst. incr. in oper. costs, U. P. can still make a dollar with less expen. than any other transcontinental road. Co. had to lay off many employees and hold up consid. amt. of new construct. work, but more money has been dumped into property for maint. in 4 mos. to end of Oct. than in any other 4 mos. since Harriman started to reconstruct the "two streaks of rust" nearly 12 yrs. ago.—*The first large R. R. equipmt. order of new yr. was the purchase of 196 locom. by the Harriman lines. It is believed the Baldwin Works will fill all or greater part. The expend. will be between $3,500,000 and $4,000,000.

U. S. Rubber.—§Co. decl. regular quar. divs. of 2% on first pfd. and 1½% on second pfd. stk., payable Jan. 31 to stk. of record Jan. 16.

U. S. Steel.—*The prod. of steel sell on an avge. at about $36 a ton; there is $12 per ton profit for the co., when ore profit, transport. profit, and by-prod. are taken into consid. No import. rival to U. S. Steel shows half this profit per ton. Viewed as a whole the co. can make $12 per ton on 12,000,000 tons or elect to make $6 per ton on 15,000,000 tons per an., earn its div. and put most outside steel prod. out of business or at least out of line of profit. returns. The co. needs no protective tariff and is sustaining factories to-day largely by orders for export. It fears neither home nor foreign compet. The co. has $75,000,000 to spend this yr. to finish contempl. improvemts. It is not desirous of any cut in prices. —§Judge Gary says: "I am a conserv. optimist. I believe in making the most of the facts, but not in going beyond them. If the R. Rs. of the country are to be kept in prime condition, the demand for rails would take the full capacity of mills. The co.'s business is running at about 50% of capacity, but 1910, taken as a complete yr., was far from unsatis. Rail and steel billet output for 1910 were largest in co.'s history. The day of secret agreemts. is past. 'Insiders' have no right to adv. information regarding corporate movemts The thousands of small investors in Steel Corp. have a right to know what is happening higher up, and they shall know so long as I have any influence."—*The Carnegie Co. received order for 20,000 tons of plates and shapes for the Canadian Car Co.—*The U. S. Governmt. has booked an order for 10,000 tons of plates and shapes for constructn. of new battleship Texas. The award goes with addition of about 5,000 tons deck plates, needed as ship nears completion. Unfilled orders of the U. S. Steel Corp. at end of Dec. amted. to 2,674,757 tons, a decr. from Nov. 31 of 85,656 tons. It is expl. that the Dec. tonnage, while apparent. another low record in the history of the corp., is not, however, the actual low record, owing to change of method in computing the figures.

Virginia Caro Chemical.—*The cotton oil business is not quite as fav. as a yr. ago, owing to high price of cotton seed during summer. Recent decline in seed prices has impr. situation, so there is now a fair margin of profit. The by-prod. end of cotton oil business has been contin. a money maker. The $27,984,000 common stk. of V.-Caro. may be regarded as a perm. 5% security. It was as a 5% sec. that the stk. was recently listed in Paris. In fis. yr. end. June 30 last co. expen. $1,500,000 for maint. and depre. and this yr. will spend over $1,000,000. Co. decl. regular quar. div. of 2% on pfd. stk. In July co. decl. 5% on common for currrent yr. This was an incr. of 2% over prev. yr. The third instalmt. is payable Feb. 15 to stk, of record Feb. 5. Books closed Feb. 5 to Feb. 16. Pfd. div. payable Jan. 16. Books close Dec. 31, reopen Jan. 16.—*Without waiting for settlemt. of German potash dispute, the German mine controlled by this co. has entered the German potash syndicate. Co. takes about one-fifth of the potash imported into U. S. and entered combin. in order to get the benefit of lower prices. The entrance dates from Dec. 31.

Wabash.—*Physically the prop. is said to be in better shape than ever. June 30 last compl. best yr. in its history, and reported gross, net and surp. higher than in any prev. fis. yr. Oper. ratio and cost of conducting trans. were reduced, and generally impr. oper. efficiency was in evidence. In first 4 mos. of current fis. yr., to Oct. 31, few roads oper. in same territory, or in any other sections, report more fav, incr. in gross. In Nov. co. was compelled to bow to the inevitable and gross showed incr. of only 0.87%. For 4 mos. it has shown incr. of $39,270. For 11 mos. of cal. yr. to Nov. 30 co. incr. gross $2,077,199, and in three of these mos. traffic was seriously disturbed by strike of coal miners. Co.'s greatest and most pressing need is funds for improvemts. and bettermts. At present these are limited to current earn., because of co.'s inability to sell its ref. and exten. 4s on a satis. basis.

Western Maryland.—*Emerging from receivership lasting two yrs. undergoing drastic reorg. and scaling down of chgs. on Jan. 1 last co. started its career rehabil. Gross to Oct. 31 was $1,092,000 ahead of corres. 10 mos. of last yr., net incr. $703,000, and surp. after chgs. incr. $806,000. By April 1 directors decl. an initial quar. div. of 1% on $10,000,000 pfd. which has since been contin. Surp. of $1,007,000 for 10 mos. was suffi. to pay this div. 2½ times over; after deducting full yr.'s divs., a bal. is left equal to 1.2% on the $50,000,000 common. Traf. contract signed with Pitts. & Lake Erie by which, thro. W. M., Baltimore will be made the middle eastern seaboard term. of N. Y. Cen. lines throughout the West. To effect this W. M. pro. to construct 86 miles from Cumberland to Connellsville, where connection was to be made with the Pitts. & Lake Erie. Money was raised by sale of $25,000,000 unissued common stk. at $50 per sh., without adding a dollar to fixed chgs. It is est. that

business from these added facilities will double present earning capacity. For two weeks of Dec. gross incr. 6.2% and for 24 weeks from July 1 to Dec. 14 the incr. was 10.45%. Co. decl. quar. div. of 1% on pfd. stk.

Western Pacific.—§Co. is now earning at rate of $5,000 gross per mile of road per an. This est. is official and based upon car-loading and traffic reports for Oct. and Nov. In these two mos. business has shown up encour. and if contin. on same basis in future mos., will make possible gross between $4,600,000 and $5,000,000 per an. For an infant co. officially opened for traffic through an undevel. country only since August 22 last, present earnings would appear in every respect satis. Why co.'s officials should hesitate to announce such results is more than avge. reader can underst. Situated as is W. P., with only a main line extend. between Salt Lake and San Fran. could hardly be expected to earn the int. on its $75,000,000 1st and 2nd mtg. bonds for some little time. At present rate of $5,000 per mile, assuming co. can be oper. at 60% of gross in next 12 mos., without allowing for incr. over present traffic, should show net about $1,800,000 per an. Oper. at 65% of gross, net would amt. to $1,600,000 on basis of $4,600,000 gross. Int. on $50,000,000 1st mtg. bonds call for $2,500,000. Int. on $25,000,000 2nd mtg. bonds call for $1,250,000 more. Present net earnings are about half these requiremts. (See Denver & R. G.)

Western Union.—*The est. annual income for 1910 will show slight decr. from prev. yr. It will amt. to only $87,357. Over 4% has been earned and this assures for the present the 3% div. The new managemt. and affiliation with Am. Tel. & Tel., as well as acquisition of control of the Anglo-Am. Tel. Co., justify expectation that 1911 will be a good yr. §Co. has decl. the regular quar. div. of 3/4 of 1%, payable Jan. 16 to stk. of record Dec. 20.

Mining Stocks

This section of the Investment Digest includes some of the more important properties, in regard to which authentic and trustworthy information has appeared during the month.

Anaconda-Amalgamated. — *The dissolution of Boston & Montana brought about late this mo. is another step in merger of various amal. prop. into the Anaconda Co. Pres. Chase, of B. & M., says that each shholder. will be entitled to 8 shares of Ana. for each sh. of B. & M. The bulk of the 1,200,000 shares of Ana. turned over to B. & M. in exch. for latter's property, will be diverted to the Amal. treas., for that co. owns practically all B. & M. stk. On basis of Amal.'s recorded holdings in B. & M. as of last Feb., it will receive from pro rata distrib. 1,183,320 shares of Ana. of the $12,000,000 paid for the B. & M. Co. now being dissolved.—*Taking price of copper at last mo.'s fig., 12¾c., and cost at 9½c., prod. of 260,000,000 lbs. would be neces. to meet div. requiremts. On prod. of 250,000,000 lbs. to maint. divs. under same metal conditions, a 9.35c. cost per lb. would be req With paymt. by Ana. on Jan. 18th of the quar. div. of 50c. per sh., Parrot will receive $45,000 or third disb. since formation of new Ana. On the 90,000 shs. owned, co. is receiv. divs of $180,000 per an. Parrot has 229,850 shs. on which two divs. of 15c. each were paid in 1910, the last on Nov. 28th. No divs. paid in 1909 or 1908 and Sept. 26th, 1910, was first since Sept., 1907. With holdings in Ana., Parrot Co. is receiv. divs. at rate of 78c. per sh. on Parrot stk. Holders of Parrot have fared well since prop. was purch., as for many yrs. pre. 1910, divs. had been falling off until final suspen. of paymts. in 1908 and 1909. Ana. Co will during first 4 mos. of 1911, attain a cost laid down in N. Y. at least one cent less per lb. than present by the instal. of electricity and compressed air. 3 air compressors have been installed. Electric power will be brought from Great Falls, 130 miles, and it will req. 3,600 horsepower to oper. at full capacity.—*The prod. of Anaconda for Dec. aggre. 21,500,000 lbs.

Braden Copper.—†Co.'s prop. is located in Chili, So. Am., and controlled by the Guggenheims. The mine is a large one, around the crater of an extinct volcano. The topography is very steep, permitting oper. entirely by tunnel. Crater is about three miles circum., and at only two points in the three miles has any work been done. At other points surface showings are equally fav. Co. is erecting a mill that will develop 3,000 tons; 400 tons of this is already in commission, and should begin oper. in April, with entire mill running Aug., 1911. On a 3,000 ton plant co. should prod. 37,000,000 lbs. copper per an., which at cost of prod. est. by engineer, would show earns. about $1.05 on 13c. copper. On co.'s present 2,200,000 shs. (allowing for conv. of all bonds) this would amt. to 25% on present selling price.—*Shareholders have subs. for more than 94% of issue of $1,000,000 of 2nd mtg. 7% conv. bonds recently offered at par. —†Cable advices state that Fortuna tunnel No. 3½ is getting into ore, eleven meters avging 2.1% copper and the last three 3.38% copper. During first half of Dec. the small mill treated 2,090 tons avging. 2.79% copper.

Butte Coalition.—†Output at present is about 1,000 tons of ore per day, which is a prod. of over 2,000,000 lbs. per mo. Earnings, however, are not based on co.'s prod., but on 520,000 shs. of Anaconda and 3,000 shares of Int. Smelting & Ref. At present rate of divs. paid by these cos., Butte Co. is receiv. annually

$1,064,000. The int. on co.'s surp. of $4,000,000 will further incr. amt. It will be seen that Butte's income is in excess of present div. requiremts. of $1 per sh. per yr. on 1,000,000 shs.

Calumet & Hecla.—*Directors have agreed upon plan for consol. of 12 Lake Sup. copper cos. it controls. It is pro. to org. a new Mich. Corp. with $10,000,000 capital, divided into 400,000 shs., par $25, which shall be exch. in varying propor. for outst. shares of cos. named.—*We underst. that the copper recov. from Cal. & Hecla conglomerate for 12 mos. just end. avged. about 29 lbs. per ton. This comp. with 32.25 for fisc. yr. end. April 30, 1910, and 59.93 for yr. end. April 30, 1900. Only a few yrs. ago C. & H. was the one big giant in copper world and no other prop. could compare from any viewpoint. To-day, after having paid $114,000,000 in div., is on the down grade and other prop. have now passed it in everything but low capital. In pro. consol. C. & H. should incr. its prod. by 50,000,000 to 60,000,000 lbs. per an. and its capital to $10,000,000, but copper costs should likewise incr. about 1c. per lb.

Chino Copper.—†Chino's wonderful record of ore developmt. has surpassed all expect. Est. made Dec. 1st, 1910, 31,756,700 tons, were in the prob. and devel. reserves, assaying 2.59% copper. A block of ore est. at 10,000,000 tons avging 3% copper, lies so near surface the overburden can be literally scooped off exposing the ore.

Greene Cananea.—†For yr. 1910 Co. should show prod. of approx. 46,000,000 lbs. copper and 1,175,000 ounces silver, which will comp. with 44,547,689 lbs. copper and 933,600 ounces silver for 1909. This indicates incr. notwithst. curtailmt. of nearly a million lbs. per mo. over the high of July, has been maint. since that mo. Present rate of prod. is about 3,600,000 lbs. per mo.—*Co. in Nov. prod. 3,658,000 lbs. copper comp. with 3,576,000 in Oct. Curtailmt., however, is still in force, as total is about 1,000,000 lbs. under avge. of summer mos. A higher grade ore was treated during mo. resulting in higher metal values. Silver totaled 93,372 ounces, the last since July, while gold output of 482 ounces exceeded all mo. figures since July. Co. has prod. total of 106,012,000 lbs. copper, 3,351,380 ounces silver and 14,115 ounces gold.

Giroux.—†Copper ore should be coming from the big shaft this mo., according to advices from our corres. One crosscut which opened ore body for distance of 65 ft. avges. 10% copper, with gold and silver val. besides. The co. will not be a big prod. until the 12th level is opened. Giroux interests are confident of opening a big ore body in the Ely limestone which will rival Bisbee. Co. will contin. churn drilling work through the winter. Of course there is more or less spec. as to future of Giroux, because co. has not issued any figures which will give an idea as to extent of limestone deposits or porphyries as demonst. by churn drills.

Goldfield Consol.—†With paymt. of coming quar. div. of 30c. regular and 20c. extra per sh., Co. will have disb. to stkholders. approx. $12,800,000. This is a wonderful record and on present rate of divs. calls for $7,200,000 per an. The coming div. is tenth since the 1st of $353,247 was paid in Oct., 1907. No divs. paid from Nov., 1907, to April, 1909, or approx. a yr. and a half. On Oct. 21st after disb. of last div., co.'s cash bal. was about $1,400,000. During Oct. net prof. amted. to $714,127, which incl. $60,000 for new const. This figure was above the third quar., when total net profits were $1,783,000. Taking records for three-quar. of yr., and est. Nov. and Dec., Co. should show for cal. yr. net prof. $7,600,000.—§Nov. report shows net $587,614. Manager Finley states const. work is now prac. over and future oper. may be expected to devel. econ. in both power and supplies. The electric storage battery plant is in successful oper. and expected to save $2,500 per mo. The new refinery at mill is expected to save $5,000 a mo. The only new ore opened during mo. was on the 1,000 foot level of the Clermont, which prod. 509 tons of ore assay. 5.01 ounces per ton.—†One very familiar with Co. tells us that div. so far as $2 a sh. per an. goes is quite uncertain. The managemt. has always consid. the div. of 30c. a sh. "regular," and 20c. per sh. an "extra" and always been so designated. This extra was decl. at time when in very rich ore, and they felt it wise to distrib. the money rather than leave the ore in the ground. The pres. rate of $2 will prob. contin. so long as it is in these rich ore deposits, but our informant feels that this will last only so long as this particular condition exists.

Inspiration.—†Oct. 20th Mr. Krumb est. ore reserves at 12,396,000 tons of devel. ore assaying 2.03% and 5,604,100 tons partially devel., of such percent. that total is 18,000,000 tons assayg. 2% copper. Dec. 1st, according to dispatch recd., devel. tonnage had been incr. to 14,983,000 tons assayg. over 2%, which with partially devel. 3,502,000 tons, gave total reserves of 18,485,000 tons asssayg. 2%.

Kerr Lake.—†Co. is producing approx. 250,000 ounces of silver and earning at rate of $100,000 per mo. From middle of Sept. until middle of Dec. net profits of $300,000 are said to have been made. Incr. in price of silver is an import. factor in earn. of Kerr Lake, and to all mines in that section. Based on quo. for Nov. of 55.6c. per ounce, comp. with an avge. of 51½c. for 1909, would indicate incr. earn. of $120,000 per yr. During 1910, co. will have paid four 10% div. aggre. $2 per sh., or $1,200,000. On Aug. 31st, 1910, the holding and oper. co. had over $1,000,000 in cash and quick assets. Since that date two divs. of 50c. per sh. each have been paid, Sept 15th and Dec. 15th. About middle of Dec. co. took over the Wettlaufer, a silver property. Prev, to this paymt. co.'s surp. amted. to $601,000.

La Rose Consol.—†Co. made creditable showing in Oct., prod. 380,445 ounces, and making net earns. of $138,571 based on silver at 55c. an ounce. Divs. call for earns. of $50,000 per mo. Profits are greatly in excess

of div. requiremts. There is enough broken ore to maintain net earns. equal to Oct. for 4 mos. to come. Dec.'s prod. should not vary materially from Nov., say about 400,000 ounces of silver and net profits $150,000. Since recent rich discov. in La Rose and Lawson prop., this co.'s prod. and earns. have incr. very consid. In Aug. gross val. of ore was $125,000, while in Oct. and Nov. it was $209,000 and $234,000 respect. Nov. net was $153,000, comp. with Nov., 1909, of $28,000. Co. is making a wonderful record and earng. $1,800,000 per an., equal to more than 3 times present div. requiremts. of 8%, or 40c. per sh., on outst. 1,498,620 shs.—*Devel. at Lawson mine of La Rose have revealed slabs of silver ore comp. to anything in Crown Reserve, and the main La Rose vein for richness and width. The vein has been opened up for 100 feet, and about 50 feet of this is contin. ore all running over 5,000 ounces. In two or three places vein is over a foot wide, and samples taken across the face ran over 12,000 ounces. This ore shoot is not contin. The first high-grade ore ran for 29 feet. Then calcite with small silver val. for 30 feet, and another ore body equally as rich for 21 feet. The face is now in solid cobalt ore with small silver val., but as the fissure is 800 feet long on surface there is every prob. of many other shoots being cut. The vein is always strong and well defined.

Mason Valley.—†During week end. Nov. 19th, 468 cars were run on the dump, each was sampled, resulting in an avge. for total number 3.4% copper. This is very creditable, as ore sampled is coming from many different sections of the mine.—*Word just rec. that new body of copper ore has been encountered outside the proven developmt. which is aveging from 4 to 4½% copper. On this third level one of the largest ore stopes at the property is to be found. This ore body has been proven to extend 230 ft. in length and 45 ft. in width, and good grade, the first 600 cars extracted avging. around 5% copper.

Mines Co. of America.—†Co. has decl. div. for quar. end. Dec. 31st of 2¼% (22½c. per sh.), placing stk. on 9% basis, netting about 18% on present selling price of stk. Divs. of 4½% (22½c.) were also decl. on stk. of Dolores Co. and 7½% (15c.) on stk. of El Rayo Co. Divs. payable Jan. 24th to stk. of record Jan. 14th. Books close Jan. 14th, reopen Jan. 24th. The comb, prop. have $290,424 cash on hand and $321,970 ore bullion and concen. in transit, besides $351,852 mat. and supplies, net work. capital Dec. 19th was $964,246. Under terms of consol. into Mines Co 10 shs. El Rayo for 7 Mines Co. and Dolores, sh. for sh., a large maj. of stk. of both cos. has been conv. and Jan. 11th, when date for exch. expires, prob. all stk. will have been exch. The co. appointed comm. to have shs. listed on N. Y. Stk. Exch. When full conv. is effected, there will be outst. 850,000 shs. Mines Co. stk. The prop. now oper. by Mines Co. have been prod. for many yrs. and have excellent div. records, as follows: "Creston-Col.," Sonora, Mex., was acquired in 1902 and since that date has prod., up to Sept. 30th, 1910, $9,299,000, and paid in divs. to date $3,845,000. "Dolores," located in Chihuahua, Mex., and oper. begun in 1905, has prod. $4,736,000 to Oct. 31st, 1910, and paid in divs. $1,044,000. "El Rayo," located in Chihuahua, Mex., begun prod. 1907. Since that date co. has made an excellent record and prod. gross approx. $1,725,000 and paid to date in divs. $85,385, during which period mine has been devel. and mill const. "La Dura," located in Sonora, Mex., has been worked since as far back as 1600, and is said to have paid in divs. more than $2,000,000. These prop. have paid approx. $7,000,000 in divs.

Miami.—*The Greene Co. will care for Miami output until the copper is ready for market; then U. M. Selling Co. takes chge. and makes settlemt. upon sales with the Miami Co. There are on the dump 250,000 tons Miami ores, and shipmts. will be made first of yr. when mill commences oper. Miami should be mining about 1,000,000 tons of ore per an. within 6 mos., and on this basis mine will have a life of about 15 yrs. Mining at this rate it should output 40,000,000 lbs. copper per an., and on 13c. copper should earn $2 per sh., in which case pros. of Miami returning about $30 per sh. in divs. during life of the mine are good. Larger returns than this depend upon higher copper prices. §J. Parke Channing, vice-pres. of Miami and consulting engineer of Gen. Developmt. Co., says: "The ore avges. about 2¾%. There is at present about 15,000,000 tons blocked out, and taking that now in sight, would be about 18,000,000 tons. Copper from this ore, making allowances for repairs and renewals, can be laid down in N. Y. at about 9 cents a lb.

Nipissing.—†Vein No. 122, discov. in 1909, is located a short distance north of the famous 49. Silver exposed for 800 lineal feet on this vein. To show richness of ore in this vein, it may be stated that in 97 ft. of drifting a prod. of $109,000 has been made. Surface prospectg. was begun in May, incl. Oct. 11 new veins, had been discov. The total amt. of trenching for 1910 to Nov. 1st, was more than 33 miles. At present rate of divs., namely, 5% reg. and 2½% extra quar., or at rate of $1.50 per sh. per an., returns approx. 14% on pres. market price of $10.75. Co. had on Oct. 29th, 1910, $1,127,000 cash on hand.—*During Nov. co. mined ore to val. of $200,851, and shipped ore to val. of $398,410 net, after smelter and freight chges. had been paid. The Fourth of July mine alone prod. $84,000.—†Co.'s net profits avge. about $185,000 per mo., which is well above div. requiremts. During 1910 co. paid 4 divs. of 7½% equalling $1,800,000, and one interim div. of $300,000, making total for yr. $2,100,000.

Ray Consol.—†The property comprising 2,000 acres, is located in Pinal County, Arizona, on the Phœnix & Eastern R. R. The mines connected with co.'s own standard gauge R. R. Co. has devel. ore reserves of 75,000,000 tons, avging 2.17% copper, next to that of Utah Copper the largest known body of commercial ore. Existence of ore proven by 141,000 feet churn drilling and 45,000 feet underground work. Workings have fully con-

firmed assay of drill holes. It is prob. that reserves will be consid. incr., as above tonnage is contained in 176 acres, while co.'s area is 580 acres. It is not expected that all of bal. will contain commercial ore, but a fair portion of it is known to. The ore reserves devel. will last, approx., thirty yrs. On conserv. est. ore devel. has a net val., on 13-cent copper, of $1 per ton. Thus 75,000,000 tons have a net val. of $75,000,000. Ray Consol. is doubtless of the same calibre as Utah and Nevada Consol., which, together, will have prod. 150,000,000 lbs. of copper in 1910, and paying $6,000,000 a yr. in divs. As Ray is controlled by interests identified with Utah Co. which now controls Nevada Consol., it will form an important link in low-grade porphyry copper mines. The first sections expected to go into oper. next Feb., and before end of 1911 co. should prod 80,000,000 lbs. an., at cost of 8½ to 9 cents a lb. D. C. Jackling, who is respon. for successsful devel. and oper. of the Utah mine, is V.-P., Gen. Manager and director of the Ray Co.

Tennessee Copper.—†The recently decl. div. of $1.50 per sh. represents largely prof. derived past yr. in its copper oper., which directors believed belonged to stkholders. The bulk of new const. has been capitalized. With opening of 1911 co. starts upon new career as prod. of sulphuric acid, and copper becomes a by-prod. It is officially est. that the co. will earn $1,000,000 net in 1911, this est. being based upon known sulphuric acid capacity, the output of which is under contract, and copper prod. on a basis of 13c. On a basis of $1,000,000 net per an. it is planned to pay regular quar. divs. of $1 per sh., which would call for $800,000 per an.

Tonopah Mining.—†Nov. profits amted. to $155,000, comp. with Oct. of $169,000. Judging from the record co. has made so far this yr., net profits for 1910 about $2,000,000, which is $400,000 in excess of present div. requiremts. Co. recently decl. reg. quar. div. of 25% and an extra of 15%, payable Jan. 21st, 1911, to stkholders. of record Dec. 31st. This calls for $400,000. The last finan. statemt. issued was Aug. 31st, when bal. amted. to $1,180,000. Since that date the Oct. div. has been paid, which called for $400,000. Total divs. for this yr. $1,500,000. In July rate was incr. from 25 cents reg. and 10 cents extra, to 25 cents reg. and 15 cents extra. Tonopah as a div. payer has made a wonderful record, having disb. to stkholders., with the Jan. div. accruing, a total of $6,850,000.

Utah-Nevada Consol.—†Since taking over Nevada prop. two divs. have been contrib. amting. to $728,158, which with coming disbursemt. of 37½c. per sh., payable Dec. 31st, will make total approx. $1,100,000. Utah has outst. 1,562,599 shs. Earnings at present are more than $5,000,000 per an., consid. in excess of div. requiremts. The div. record of Utah has been remarkable, for in about two yrs. approx. $6,809,000 has been disb. to stkholders, incl. accruing div. of 75c. per sh., payable Dec. 31st.—*According to amt. of divs. paid on Nevada stk. held by Utah Co., the latter owned 495,640 shs. of Nevada at time of the third quar.'s report. Since that Utah has acq. a maj. in the 2,000,000 Nevada shs. outst. There were 1,558,509 shs. Utah stk. outst. at time of third quar. report, and on Dec. 1 last stkholders. in the co. numbered 3,570, comp. with 1,508 on same date 1909. Nevada had 7,221 stkholders on Dec. 1, 1910, comp. with 6,054 on Dec. 1, 1909.—*Annual report of Nevada for yr. end. Sept. 30, 1910, contains an item concerning which there has been more or less inquiry. This refers to 14,500,555 tons of 1.28% ore devel. during the 12 mos. covered by report. Co. might have stated that at close of pre. fis. yr. the total ore reserved amted. to 30,000,000 tons of 1.991% ore; that it extracted during yr. 3,421,000 tons of 2.15% ore, leaving 26,600,000 tons of 1.95% ore; that during yr. no new ore bodies of that grade were discov., but 14,500,000 tons, aveging 1.28% were devel., which at some future date, when all uncovered, should yield some profit to the co.—†During Oct. and Nov. tonnage fell under Sept., but owing to higher grade ore output of copper was well maintained. Oct. output was 7,582,219 lbs., against 7,077,035 in Sept., and Nov. prod. will be about same as Oct. For full yr. co. will prod. about 90,000,000 lbs.

Yukon Gold.—†Co. has just decl. its 6th quar. div of 2%, payable Dec. 31st. This is at rate of 8% per an., and calls for paymt. of 10c. per sh. Capital is $25,000,000, 5,000,000 shs., par value $5, of which there has been issued $17,500,000, or 3,500,000 shs. With paymt. of div. accruing, Yukon will have paid to stkholders. $2,070,000. Altho. no figures have been given out as to earns. this season, these will prob. exceed $1,000,000, which comp with $750,000 in 1909.

Metal Notes.—†In ten mons.' period worlds prod. of copper was at highest point ever touched. In spite of this the world's surp. stk. on Dec. 1st was 323,000,000 lbs., against 386,000,000 at beginning of yr., a decr. of 63,000,000 lbs. This is conclusive evidence that world's consump. of copper has finally caught up with prod.—†There can be no doubt that plans for big copper merger are well under way. Assurances recd. that the merger can be brought about along lines of the Steel Corp. without danger of coming in contact with legal departmt. of the Govt.—*Exports of copper for Dec. amted. to 31,526 tons, comp. with 29,097 tons in Nov., and 28,104 tons in Dec. a yr. ago. Only one other in 1910 showed a larger total of exports than last mo.—*Statistics of the Copper Prod. Asso. for Nov. show curtailmt. has begun to materialize in refinery reports, altho. not yet to full extent. Prod. in Nov. was 3,978,445 lbs. per day, against 4,080,000 lbs. per day in Oct., indicating actual red. of about 3,000,000 in 30 days. Production in Nov. was incr. by 2,000,000 lbs., Mich. smelters making a clean up in anticipation of closing naviga., while extraord. receipts from Peru played import. part At present rate of prod. figures should be maint. bet. 112,000,000 and 115,000,000 lbs., and consump. in this country and abroad should easily take care of such prod. and make steady inroads into stks. of copper.

INQUIRIES

WE DO NOT GIVE ADVICE OR OPINIONS UPON SECURITIES OR PROBABLE MARKET MOVEMENTS, EXCEPT AS MAY BE IMPLIED IN THE "MARKET OUTLOOK" OR THE "BARGAIN INDICATOR."

This department is to answer miscellaneous questions in regard to the science of investment, methods of operating, the customs of the markets, etc. Please write questions briefly and, if personal reply is desired, enclose stamped and self-addressed envelope. Addressed INQUIRY DEPARTMENT.

Inactive Stocks.

Please state in your inquiry column what you think of an investment or a speculation in an inactive stock such as Westinghouse Electric 2d pfd., when the purchaser has in mind the long pull.—W. B.

See article in Jan. TICKER on "The Advantage of Dealing in an Active Stock." However, for the investor who pays for his stocks outright and expects to hold them for the long pull, the disadvantage of dealing in an inactive stock is not, as a rule, important.

Accounts for Bank Employees.

Are members of the New York Stock Exchange permitted to carry speculative accounts for the officers and employees of banks?—J. L.

Not for employees proper. The Cashier, President, Vice-president and other officers of a bank are not considered employees. They are officers. If an Assistant Cashier is designated in the by-laws as officer, he is not considered an employee.

Deposits with Trust Companies.

N. W.—The rate of interest allowed by trust companies varies according to the conditions of the money market. Any trust company should be willing to buy stocks for you through its broker. It might be more convenient to have one trust company do all the buying. Why not arrange that with a local trust company, near where you live, keeping a part of your deposits with other companies in Washington, Philadelphia or New York. Trust companies, as a rule, pay interest on deposits up to the day of withdrawal, but where money is left permanently on deposit with them they usually compound the interest once in six months only. However, the rule in this matter doubtless differs with various companies.

"Scientific Methods."

In the September number of your magazine, in the scheme set forth on pp. 212 and 213, the volumes are divided into high and low; I would thank you if you can tell me where to secure this information.—A. T.

The table to which you refer in the September TICKER gives high and low *prices*, not volumes. For convenience the value of one hundred full shares of each stock is given instead of the prices as ordinarly quoted If you will reread this article you will see what is meant by the table. The prices for compiling such a table may be obtained from any daily paper which gives stock market quotations.

Puts and Calls.

(1) What are some good New York brokerage houses that accept London's puts or calls as margin to trade against? (2) Are London calls only exercisable on date of maturity? (3) Can New York puts and calls be depended upon and used as collateral against which to trade?—M. D.

(1) We believe any member of the New York Stock Exchange will accept London puts and calls in lieu of margin. (2) After purchasing a put or call you can make use of the privilege at any time desired up to the date of maturity. Of course the privilege can be used but once. You can trade against the privilege, using the privilege as margin, then close out the trade in the regular way, and make another trade against the privilege as many times as the market will permit during the period for which the privilege is given. But having once exercised the privilege, your rights under it are exhausted. (3) Puts and calls endorsed by reliable Stock Exchange houses are perfectly good and are generally accepted as margin.

Non-Member Banks.

In figuring out the per cent. of loans to deposits of the non-member state banks and trust companies, should I use "total deposits" or "total deposits eliminating amounts due from reserve depositories and from other banks and trust companies?"—C. J.

If you desire to figure the per cent. of loans to deposits for state banks and trust companies *alone* you should use "total deposits," as made public weekly. If you desire to figure

the per cent. of loans to deposits for *all* banks and trust companies of New York, including clearing house banks, non-member banks and trust companies, you will then add "total deposits eliminating amounts due from other banks and trust companies" and the "deposits" of clearing house banks. The form in which the bank statements are given out enables you to figure this percentage on all the banks and trust companies of New York City, if you desire.

Execution on Wild Opening.

On Thursday, Dec. 8, I was short of Reading, with a stop at 145½. Friday, the 9th, my brokers closed by trade at 146¾, saying it was a very wild opening and that was the best they could do. Where can I find out what prices Reading sold at during the first hour on the morning of the 9th on the Consolidated Stock Exchange? I feel that my brokers have charged me about one point more than they should have done.—A. H.

On the morning of Friday, December 9, Reading opened on the New York Stock Exchange from 145¾ to 146½. You will remember that this was the morning after the court decision on the Temple Iron Co. case, and the market opened excited. There was a large short interest in Reading and there was active buying at the advance. We see no reason to doubt that your broker gave you a square deal. There is bound to be considerable variation in price on an opening after important news of this kind. The Secretary of the Consolidated Stock Exchange can give you the best information obtainable as to the exact prices on that exchange at any hour.

Figuring Interest on Long Stocks.

A man spoke to me to-day in Boston, saying that he bought 200 Union on Friday, Nov. 18th, and sold them on Saturday, Nov. 19th, through a New York Stock Exchange house. His statement shows interest figured on the purchase as of Nov. 19th (Saturday) and on the sale as of Nov. 21st (Monday), i. e., two days' interest debit. I suggested that it must be a mistake, seeing that all transactions, both of Friday and of Saturday, are cleared on Monday; i. e., in this case no interest at all should be figured, or else interest on both sides of the account, as on Nov. 21st, Monday. Does any New York Exchange house date its Friday transactions as of Saturday? —B.

You are entirely correct. Interest is figured from the day following the date the purchase or sale is made, but on trades made Friday or Saturday interest does not begin until Monday. This was evidently a clerical error. This custom is uniform with all New York Stock Exchange houses.

Stocks for Average Chart.

Allow me to express appreciation of your "Market Outlook" and to request that you will continue to keep the figure chart of 20 Rails up to date in each issue. I have been keeping a run of things with an average chart using the following stocks: Amal., Smelters, St. Paul, N. P., Penn., Reading, S. P., U. P., Steel Com. and Atchison. This gives railroads in all parts of the country and the three leading industrials. Is it your opinion that 10 rails would be better, or perhaps 9 rails and Steel common?—Q.

Probably your selection of stocks for an average chart is as good as any. The idea is to select ten or a dozen stocks which are active, are not excessively manipulated and are influential in their effect on the sentiment of traders. Personally, we prefer to use ten standard railroad stocks, keeping separate charts of two or three of the leading industrials. This is because the railroads are not influenced by such a variety of different conditions as the industrials. Circumstances will sometimes arise which cause the industrial stocks to move in one direction while the railroads are moving in the other. This has a little tendency to confuse the averages. However, the results obtained with such an average chart are bound to be approximate under any conditions, and we doubt if it makes very much difference whether you use your present stocks or ten rails.

Changes in the Market.

Is it not a fact that the stock market is now manipulated in an entirely different way from past years? Is it not necessary to change one's methods of operating to keep up with changes in the market?—L. S.

It is, of course, quite true that the condition of the stock market is never the same in any two years. Historical parallels cannot be absolutely relied upon. They are merely to be used as aids to the judgment in analyzing the situation as it develops from year to year. For example, 1911 may present certain features similar to those of 1904, certain others similar to 1891, and still others similar to 1896 or other years. Then certain other features will be entirely new. The investor must form his opinion after consideration of the various similarities and differences in the situation as compared with his experience and studies in regard to other years.

It is a fault of many traders and investors to be continually seeking for some one idea, method or system which will in itself give a complete solution of the stock market. This is impossible. No man can lay down a mathematical rule which will account for the fluctuations of the market. He must study the situation from a common-sense point of view and cultivate his judgment to the point where he can deduce sound conclusions. It is the object of The Ticker to aid the investor in doing this, not to lay down any hard and fast rules for "getting rich quick."

Mining Inquiries

In view of the increasing interest in the better class of mining stocks, we have opened this department for such inquiries. Such items as seem to be of general interest will be printed, but in all cases a reply will be mailed to the inquirer as promptly as circumstances will permit. This magazine will, however, confine its replies to facts relating to the location, character, equipment, output, earnings, dividends, etc., of properties on which such information is available. In case advice and opinions are desired inquirers will be referred to those best qualified to give it. Please do not ask us about mining stocks for which there is not an established market. Such inquiries will be ignored because the time and expense of research is out of all proportion to the subscription price of this magazine.

Goldfield Consolidated.

What are the ore reserves of the Goldfield Consolidated mine? And do you consider the present dividend a permanent rate?—T. S.

We understand that the ore reserves are sufficient to last only three or four years at the present rate of production. Early in February an official report will be made covering this question. The Goldfield Consolidated management regards the actual quarterly dividend rate as 30 c. per share per annum, the extra 20 cents per share being an extra dividend. It does not seem, therefore, as if the $2 per share per annum can be considered a permanent rate.

Nevada Consolidated.

What is Nevada Consolidated's cost of production?—L. R.

The latest reports fix this at 6.8 cents per pound.

Chino.

Can Chino ore be handled by the steam shovel process?—M.

Probably two-thirds of it can.

Kerr Lake.

What dividends are paid on Kerr Lake and where is this property located?—N. O.

This is a silver property located in Cobalt, Ont. It pays $2 per share per annum.

Book Reviews

Pope's Daily Bond Interest Calendar for 1911, second year's edition, published by Financial Service Co., 2 Rector Street, New York, price $2.20 delivered.

This calendar is an original, unique and valuable help to banks, trust companies, bankers, stock brokers, bond houses, etc. It shows accrued interest on bonds, both for cash and regular delivery, instantaneously each day. It is designed both for cashiers' and dealers' use. It absolutely does away with the labor, inconvenience and possibility of error entailed by use of the old style Bond Interest Tables, and keeps before one the actual current day's figures. It is attractively and substantially gotten up and is used by a large number of representative banking and bond houses.

The Influence of Wealth in Imperial Rome. By Wm. Stearns Davis, Professor of Ancient History, University of Minn. (Macmillan.) For sale by Ticker Pub. Co., price $2.10, postpaid.

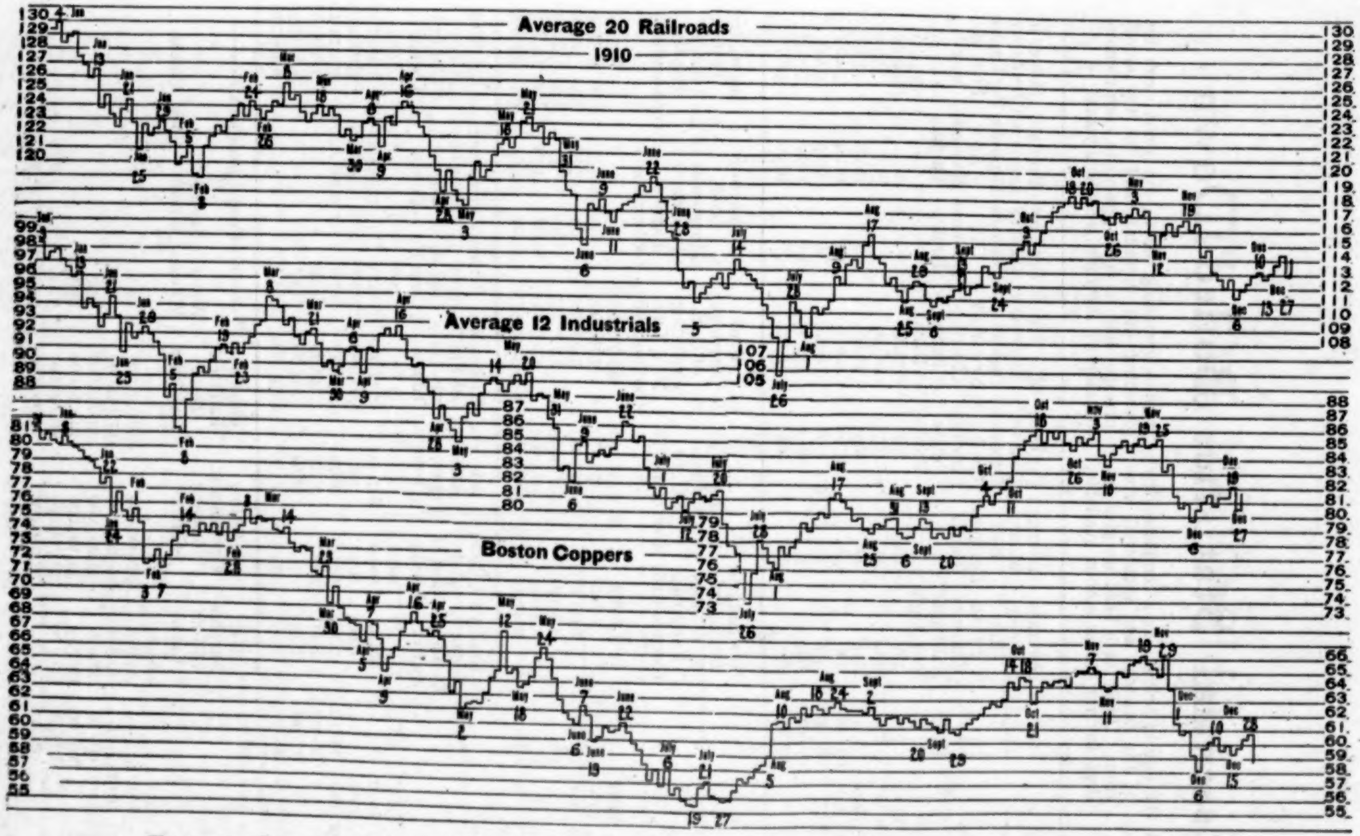
"The purpose is to consider the influence of money and of the commercial spirit throughout the period of Roman greatness." The book begins with a description of the business panic of 33 A. D. It is interesting, well written, and contains a vast fund of information, concluding with "Some Reasons Why the Roman Empire Fell."

Henry Clews' Speeches and Essays. Financial, Economic and Miscellaneous. (Irving Pub. Co.) 458 pp., cloth, price $1.65, postpaid. For sale by Ticker Pub. Co.

An interesting collection. Covers commercial and banking methods, the monetary situation, corporate wealth, the money power, the business outlook, investment and speculation, individualism versus socialism, a central bank, railroad methods, Harriman, our age of gold, etc., etc.

Readers frequently ask to be referred to responsible brokerage houses. In making such a request, please state what amount you have for investment, or in what sized lots you wish to deal. Also state what large city is located most conveniently to you, or if you have any preference in this regard.

We refer our readers only to such houses as we would consider safe custodians of our own funds, but of course can take no further responsibility.



The twenty railway stocks used are: Atchison, Brooklyn Rapid Transit, Canadian Pacific, Delaware & Hudson, Northwest, St. Paul, Twin City Rapid Transit, Erie, Louisville & Nashville, Northern Pacific, Missouri Pacific, N. Y. Central, Pennsylvania, Reading, Southern Pacific, Southern Railway, Union Pacific, Norfolk & Western, Baltimore & Ohio and Illinois Central.

Essential Statistics Boiled Down

THE figures below give a complete view of the financial and industrial situation. Under each head we give figures for the *latest* month available, for the preceding month (in some cases the preceding *two* months), and for the month corresponding to *latest figures* in each column, for each of the four preceding years.

	Average Money Rate Prime Commercial Paper New York.	Average Money Rate European Banks	Per Cent. Cash to Deposits, New York Clearing-house Banks.	Per Cent. Loans to Deposits, New York Clearing-house Banks.	Per Cent. Cash to Deposits, All National Banks.	Per Cent. Loans to Deposits, All National Banks.	Money in Circulation Per Capita First of Month.
Jan., 1911	4⅜	4⅛	27.8	99.4	....	.....	$34.25
Dec., 1910	4½	4⅛	25.7	103.2	....	.....	35.10
Nov., 1910	5⅝	4⅜	26.0	102.8	15.4	103.6	35.01
Crspg. mo., '09-'10.	4¾	3⅞	27.0	100.2	15.7	101.4	34.83
" " '08-'09.	4½	3¼	27.6	99.7	17.9	103.7	35.06
" " '07-'08.	6¾	5	26.2	104.4	15.8	110.7	35.48
" " '06-'07.	6	5	26.0	103.1	14.8	103.0	33.78

	New Securities Listed N. Y. Stock Exchange (000 omitted)	Bank Clearings of U. S. (000 omitted)	Bank Clearings of U. S. Excluding N. Y. City. (000 omitted)	Balance of Gold Movements—Imports or Exports. (000 omitted)	Balance of Trade Imps. or Exports. (000 omitted)
Dec., 1910	$30,881	$13,932,155	$5,907,350	....	$90,541
Nov., 1910	96,828	13,595,259	5,780,965	Im. $2,937	Ex. $75,993
Crspg. mo., '09.......	280,122	15,843,243	5,936,505	Ex. 11,778	Ex. 32,920
" " '08.......	95,549	14,383,443	5,177,157	Im. 57	Ex. 76,857
" " '07.......	34,004	9,423,094	4,057,111	Im. 62,959	Ex. 114,878
" " '06.......	194,284	14,265,132	5,057,571	Im. 6,971	Ex. 56,050

	Bradst's Index of Commodity Pcs.	Gibson's Index Cost of Living.	Wholesale Price of Pig Iron.	Produc'n of Pig Iron (in Tons).	Price of Copper (Cents).	Production of Copper (Lbs.)	U. S. Steel Co.'s Unfilled Tonnage.
Jan., 1911	.....	109.0	......	....	12.6	....	....
Dec., 1910	$8.79	108.9	$15.53	1,774,000	12.6	123,339,000	2,674,757
Nov., 1910	8.88	109.1	15.91	1,909,000	12.7	119,353,000	2,760,413
Crspg. mo., '09-'10.	9.12	116.8	18.75	2,635,000	13.6	117,828,000	5,927,031
" " '08-'09.	8.21	106.7	17.25	1,740,000	13.8	....	3,603,527
" " '07-'08.	8.52	105.0	18.94	1,234,000	13.7	....	4,624,552
" " '06-'07.	8.90	106.5	26.50	2,235,000	24.4	....	8,489,719

	Net Surplus of Idle Cars.	Building Operations, Twenty Cities.	Business Failures, Total Liabilities.	Crop Conditions. Winter Wheat.	Spring Wheat.	Corn.	Cotton.
Jan., 1911	106,924	....	....	....	....	....	....
Dec., 1910	44,014	$38,000,000*	$18,038,000	82.5	....	....	....
Nov., 1910	13,581	$42,831,000	11,324,000	....	....	....	....
Crspg. mo., '09-'10.	38,416	37,208,000	14,625,000	95.8	....	....	....
" " '08-'09.	332,513	34,360,000	14,139,000	85.3	....	....	....
" " '07-'08.	341,110	21,708,000	36,296,000	91.1	....	....	....
" " '06-'07.	....	33,919,000	12,006,000	94.1	....	....	....

* Approximate.

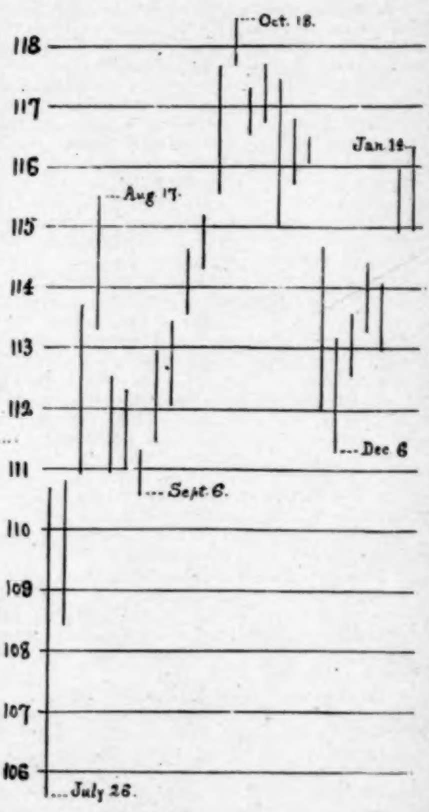
The Market Outlook

By G. C. SELDEN

WEEKLY high and low for the average closing price of 20 standard railways since the low point of last July, are shown in chart form on this page. (The names of the 20 rails are given below the cut on page 189 of this issue.)

The following figure chart completes the chart on page 108 of the July TICKER down to date given. We have condensed the chart by dropping the one hundred from each figure:

Jun.					Aug.			Oct.			Jan.
22					17			20			17
19											
18	18							18			
17	17							17	17		17
16	16							16	16		16
15	15				15			15	15		15
	14				14	14		14	14	14	14
	13	13			13	13		13	13	13	13
	12	12	12		12	12	12	12	12		
	11		11		11	11	11				
			10	10	10						
			09	09	09						
			08	08							
			07	07							
			06								
			July								
			27								



The figure chart so far gives no indication of any reversal of the upward movement which started last July. We are now experiencing what might be called the third upward impulse. The first ended with 115, after which the oscillation of the pendulum narrowed down and came practically to a stop around 112. The second impulse carried the averages to 118.4. From this advance the reaction was more pronounced, going to 112 again, but the market steadied around 113. The third impulse began immediately after January 1 and at this writing it has reached 117.8.

At the moment the tendency of prices seems to be clearly upward, with the activity increasing on advances and falling off on declines. Such technical study of averages cannot be carried very far in a monthly publication, as it is necessary to watch the market from day to day and to judge from its behavior on each successive advance and decline.

The principles involved in the interpretation of averages are really very simple and have been explained several times in this magazine. In a word, so long as the smaller swings of average prices, over a range of two or three points, continue to make higher and higher bottoms on each reaction, and as long as the activity of the market shows a tendency to increase on advances and decrease on declines, we may assume that the tendency is upward. When the smaller swings begin to make lower tops the tendency is in doubt; and when they begin to break over previous bottoms, the tendency is assumed to be downward, especially if active liquidation appears on declines.

When the trader or investor depends upon such indications as these to form his judgment of the market, he nevertheless understands quite well that prices are being made by fundamental conditions. He is merely

taking the position that instead of studying fundamental conditions direct, he will elect to study the actual effects of these conditions on prices, and to shape his course in the market by the manifestation rather than by the cause. This is a common sense idea, though many investors pooh-pooh it because they do not fully understand it.

Punishment of shorts—On each of the three upward movements above mentioned the short interest has been an important factor. Temporarily worsted in each case, the bears have tried it again as soon as prices began to soften. Their offerings have been quietly taken and they have simply sold themselves into a hole from which they were obliged to climb out by putting up prices again.

The outside long interest has been and still is at this writing exceedingly small. Since January 1 brokers have been startled from their semi-comatose condition by an occasional buying order from a customer, but so far it cannot be said that there has been any real response on the part of the public to advancing prices. The great question of the hour is, will there be such a response?

Will the public come in?—They nearly always do, to a greater or less extent. All through the long advance from the panic of 1907 to the wild culmination of Union Pacific in August, 1909, the constant complaint was that the public were not in the market. In a way this was true. They were not in the market in the same sense as in 1901. But the persistent liquidation through the first six months of 1910 showed plainly enough that there had been some kind of a public in stocks. For the most part it was a semi-professional public, but it had absorbed a large volume of stocks nevertheless.

In spite of all the evidence we have of the public's comparative inability or unwillingness to purchase at the present time, it would be rash to assert that enough buyers cannot be found to create an active and advancing market for stocks.

Money and capital.—On the other hand, we cannot assume that the present easy money conditions guarantee a plentiful supply of capital. We are having just now a great rush of cash back to New York banks. The requirements of crop moving are practically over and the money thus employed has been released. The activity of general business is gradually declining, thus releasing still more money. Free money goes at once to New York to be loaned on stocks and it is now furnishing the fuel for the present advance in the market.

A supply of capital for investment is, however, quite another matter and cannot be obtained so quickly. During 1910 we suffered from an exhaustion of capital which checked new enterprises and forced lower prices for existing securities. It may safely be asserted that sufficient capital has not yet been accumulated to meet all requirements. The floating of the extensive bond and stock issues now contemplated will be a somewhat delicate operation. The demand for capital will still exceed the supply.

Dull business—General trade throughout the country is dull and seems likely to remain so until the harvesting of another crop injects new blood into the arteries of trade. Copper is dragging at low prices, and the United States Steel Corporation has touched a new low record for unfilled orders. There has been a wholesale shutting down of tanneries and the textile industries are depressed.

Large bond sales abroad, which are believed to be probable, would help the situation temporarily at least. Such sales would mean an inflow of borrowed capital for the use of American corporations, and the gradual circulation of this capital through the channels of trade would make a considerable difference in the immediate outlook.

Supreme Court and Inter-State Commerce decisions—These decisions have been worn threadbare by discussion. Wall Street expects that the railways will get perhaps one-half the rate increase asked for and is prepared to be fairly well satisfied with that result. As to the Supreme Court decisions very little guessing is being done. These decisions are an important factor in the situation, but they cannot be anticipated.

Summary.—General sentiment has now become predominantly bullish. Shorts are uneasy and are not so much inclined to put out new lines on every sign of weakness. Banking interests are believed to be friendly toward the market, partly because they have big issues of new securities to sell at the first opportunity. The bulls are figuring that controlling interests will not let the market decline much until such securities are disposed of.

While the present market offers nimble operators excellent opportunities for profit on the long side, it seems probable that the investor for the long pull would do better to await a decline on which to make his purchases.

Jan. 20, 1911.